دار الشروق

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NEWS SUMMARY

GENERAL

Bank raid brothers back in England

Brothers Kenneth and Keith Littlejohn, freed from Dublin's Mountjoy jail on humanitarian grounds, were back in England yesterday.

The men, jailed in 1973 for a £67,600 robbery have been ordered to stay out of Ireland.

The men claimed they carried out the raid while on a special British Government mission to infiltrate the IRA.

They are expected to produce a book about their experiences.

Hurd's attack

Labour leader Michael Foot's claim of a breakthrough with the Soviet Union on disarmament was ludicrous, Foreign Office Minister Douglas Hurd said. Page 3

Toxteth report

Merseyside police committee received the Toxteth riots report by its Chief Constable Kenneth Oxford but withheld its approval for the document.

New bombing

Four people were killed and several hurt in a car bomb explosion in Beirut—Lebanon's third in 24 hours.

C'est la vie

France's national assembly voted to abolish capital punishment, almost 200 years after the guillotine was set up during the French Revolution.

S. Africa claim

South Africa says that four years after a UN-imposed weapons embargo it can produce all the ammunition its armed forces need. Page 2

PLO link urged

The U.S. should establish contacts with PLO leaders as an essential move towards Middle East peace, said Saudi Foreign Minister Prince Saud Al-Faisal.

China's protest

China protested to Moscow over a Soviet television documentary which it said accused Peking of sending a detained murderer into the Soviet Union as a spy.

Drug ban call

Community Health Council delegates voted for a call to ban the drug Debendox until inquiries into its effects have been completed.

TV franchise plan

The IBA is considering a plan to re-draw the commercial TV map by changing the number of franchise holders and altering regional boundaries. Page 3

Vietnam denial

Vietnam rejected U.S. charges that its troops were spraying "yellow rain" killer chemicals on people in Laos and Kampuchea.

Golf success

Europe's Ryder Cup team shared the first series of foursomes with America 2-2 at Walton Heath and triumphed 2½ to 1½ in the afternoon fourballs to lead by 4½ to 3½. Page 13

End in sight

The National Trust may launch a public appeal to try to save Land's End from being sold to a foreigner.

Briefly . . .

Olympic Gold medallist Steve Ovett was married to model Rachel Waler.

Major-General Michael Walsh was named as Chief Scout designate.

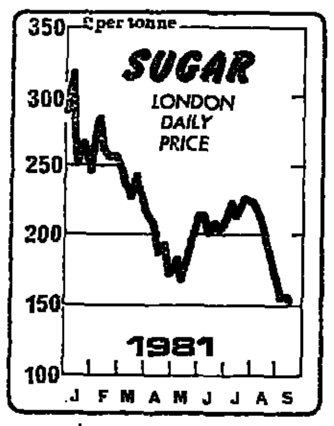
A primary school based on Islamic principles and teaching Arabic is to be opened in London.

The Bath Club's contents fetched £194,000 at a two-day auction held by Christie's of South Kensington.

BUSINESS

Sugar revived by EEC curbs

● RAW SUGAR daily price in London was cut £2 to £152 a tonne—its lowest level since 1979. Sugar futures later climbed sharply, however, after moves by EEC beet growers to cut back surplus exports. Page 19



● EQUITIES slid further with the FT 30-share index down 16 points at 515.4, its heaviest one-day loss since November 8, 1976. Page 22

● GILTS eased slightly with the FT Government Securities Index at 62.32 (62.33). Page 22

● WALL STREET was down 2.38 at 837.71 near the close. Page 21

● STERLING rose slightly against the dollar to close at $1.835 ($1.834), but fell against European currencies to DM 4.165 (DM 4.18); SwFr 3.5725 (SwFr 3.595) and FFr 9.995 (FFr 10.035). Its trade-weighted index fell to 87 (87.7). Page 21

● DOLLAR closed lower at DM 2.269 (DM 2.279; SwFr 1.9475 (SwFr 1.959) and Y226.25 (Y226.5) but its trade-weighted index rose to 107.3 (107.2). Page 21

● GOLD fell $8¾ to close at $447½. In New York the Comex September close was $450.9. Page 21

● KENYA devalued the shilling 15 per cent.

● FORD'S engine plant at Bridgend, South Wales, was halted by strike action for the first time since production started 18 months ago. Back Page

● JAPAN'S failure to keep sales of light commercial vehicles to the UK within voluntarily agreed limits was attacked by Sir Keith Joseph in Tokyo. Page 3

● MAIN STEEL producers in the EEC agreed to increase prices by an average 56 European Units of Account (£33) a tonne. Back Page

● ARAB SHAREHOLDERS are buying out their European partners in Banque Franco-Arabe d'Investissements Internationaux (FRAB- Bank) for about $25m (£13.6m). Page 19

● BOEING VERTOL of the U.S. has placed contracts worth more than £37m (£20m) in the UK as part of the offset agreement covering the purchase of 33 Boeing Chinook helicopters for the RAF. Page 4

● RENISON GOLDFIELD Consolidated, the Australian arm of London's Consolidated Gold Fields, will offer A$13.8m (£8.8m) for New Guinea Goldfields, which operates a goldmine in Papua New Guinea. Page 16

● PRIVATE CONSORTIUM is bidding £73,260 for Waterbrook, the former venture capital arm of Norton Warburg, the collapsed investment management group. Page 16

● ELLERMAN LINES, the shipping, brewing and insurance concern, reported a pre-tax profit of £600,000 for the first half of 1981, compared with a £2.3m loss. Page 16

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		Hanson Trust	275 — 13
Heskeih Motorcycles	40 + 5	Harris Queensway	124 — 8
Barlow Holdings	110 + 9	ICI	266 — 8
FALLS:		Kode Int.	240 — 18
Assoc. Brit. Foods	137 — 6	Land Securities	295 — 13
BAT Inds.	358 — 15	Legal and General	239 — 8
BOC Int.	147 — 9	Lucas Inds.	218 — 6
Beecham	199 — 11	RIT	342 — 10
British Aerospace	193 — 11	Saga Holidays	348 — 20
Commercial Union	152 — 4	Unitech	216 — 16
Distillers	190 — 6	Charter Cons.	238 — 12
Fisons	135 — 7	Cons. Gold Fields	508 — 22
GEC	722 — 14	Messina	325 — 20
GUS A	418 — 10	RTZ	495 — 20
GRE	316 — 10	Vaal Reefs	£37½ — 1½
GKN	182 — 16	Western Holdings	£31½ — 1½
Habro Life	376 — 34	Western Mining	310 — 14

Poland remains calm in face of angry criticism by Soviets

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND remained calm yesterday in the face of the angriest Soviet attack to date on its Government, the Solidarity union and "anti-Socialist forces."

Union leaders went about their normal business and there were indications that the authorities are unlikely to embark on an immediate clampdown.

Even though the Soviet statement warned that any further leniency would be a contradiction of Poland's obligations to the Warsaw Pact, the Polish Government seems determined to avoid action which could antagonise the people.

Since it received the letter earlier this week, the ruling politburo of the Polish Communist Party has let pass two opportunities for attacking dissenters:

● A court released on bail Mr Kornel Morawiecki, the editor of a dissident paper charged with distributing leaflets among Russian troops garrisoned in Poland.

● On Thursday the police made no move to disrupt a ceremony at a Warsaw cemetery, attende by about 500 people to commemorate the thousands of Polish officers murdered at Katyn in 1940 by the wartime Soviet régime.

The authorities, it seems, have decide to wait in the hope that publication of the Soviet statement and an equally tough earlier statement by the Polish politburo will cool public opinion. Both Solidarity and the Government realise that success in any all-out confrontation will go to the side that the population sees as having been provoked.

An official statement by the Council of Ministers issued on Thursday night referred to the Government's readiness to use all necessary means to defend the State. But it also reaffirmed its commitment to reform.

"The struggle against the extremists in Solidarity is at present thet same as the struggle for the Socialist renewal, for which there is no sensible alternative," the statement said.

"It is the sincere intention of the Government to work to gain the confidence of society, the support of all realistic patriots and the rank and file members of Solidarity" it said. "Such a policy should also stem the counter-revolutionary threat."

One of the main aims of the Soviet propaganda attack appeared to be to press the Polish Government to order the cancellation of the second stage of Solidarity's national congress later this month."

The first stage, the Kremlin statement said, was a "tribune" which launched "slanders and insults" against the Soviet Union.

The union's offer of help to other Eastern bloc workers wanting free trade unions was "a revolting provocation."

For the moment, the Polish Government is taking care not to provoke delegates. It is, however, making considerable efforts to undermine rank-and-file support for the more radical resolutions.

Moscow was infuriated by the first session which approved calls for free elections to Par-

Continued on Back Page
Moscow attack, Page 2

Steel tells elated Liberals 'get ready to govern'

BY ELINOR GOODMAN IN LLANDUDNO

MR DAVID STEEL, the Liberal leader, sent Liberal delegates back to their constituencies yesterday elated at the prospect of power and with instructions to prepare for government.

At the end of the Party's annual assembly in Llandudno, which has endorsed the alliance with the Social Democrats, he set Liberals the target of achieving power at the next election.

He acknowledged that implementing the alliance would not be easy — a warning reiterated last night by Mrs Shirley Williams, a member of the SDP's collective leadership, in a speech in London. It would require trust on both sides, Mr Steel said. But the prize for making it work was power. "We must have the nerve and courage not to let the opportunity slip," he said.

Mr Steel told a rapturous audience that the assembly had seen the Liberal Party discard its "role of eternal opposition and face up to the realities of power." In future, instead of "criticising, we must contribute. Instead of shouting on the sidelines, we must take over the game."

His speech marked the second stage of Mr Steel's strategy for getting the Liberals back into power after more than 50 years.

Having successfully sold the alliance to his assembly, Mr Steel's aim now is to turn the Liberals into an alternative party of government. For this reason a large section of his speech yesterday was devoted to the policies the Liberals would want to see a "great reforming" Liberal - Social Democratic government implement.

He repeated the Liberals' belief in some form of incomes policy, but he moved slightly away from the idea that it would have to be statutory. What was needed, he said, was a policy which would be flexible in operation and would secure the widest agreement.

At the end of his speech, Mr Steel was given a four and a half minute standing ovation. The assembly had been a personal triumph for Mr Steel, who had been trying to engineer an alliance with the SDP since it was formed six months ago.

As he acknowledged yesterday, there are many problems ahead for the alliance, as the two parties begin to put it into effect on the ground.

He said the aim must be "a reasonable balance of forces" between the two parties in every area. Reflecting the worries of many delegates about the alliance, becoming a refuge for Labour rightwingers, he warned the SDP to be discriminating about who it let "clamber on board."

He also appealed to his own members for tolerance, however. The electorate desperately wanted an alternative to the extremism of Tory and Labour and were demanding that the Liberals and Social Democrats got together.

The Liberals would "provide the heart and soul of the alliance."

Shirley Williams speech and Liberal conference reports, Page 4
Union majority for Healey probable, Back Page

French foreign bank dilemma

BY DAVID HOUSEGO IN PARIS

THE CONSEIL D'ETAT (Council of State), the French judicial advisory body, told the French Government yesterday that foreign banks in France with deposits over FFr 1bn (£98m), the same limit applying to French banks under the Government's nationalisation proposals, should be nationalised too.

The Council's advice poses a difficult dilemma for the Government. It argued that to exclude foreign banks from the nationalisation programme would be to show discrimination against French banks in a manner contrary to the French constitution.

Among the banks potentially involved are the French subsidiary of Barclays Bank which has deposits of over FFr 3bn, and the Dutch - owned de Neuflize, Schlumberger, Mallet.

The Government has explicitly said it wants to exclude foreign banks from the nationalisation programme. It has now to decide whether to modify its proposed bill or to follow the advice of the Conseil d'Etat, which could involve it in bitter disputes with foreign banking authorities.

The Government is not obliged to follow the Conseil d'Etat's findings, though ignoring them risks further litigation from elsewhere. The FFr 1bn level had been set as a compromise to include the major independent French banks but still retain a private banking sector. Under it 36 banks would be nationalised.

The findings of the Conseil d'Etat are not published but the Conseil appears to have leaned more to the Government's point of view over the future of the industrial holdings of Paribas and Suez, the merchant banking group. It has set a time limit of one year on the Government's proposal to return these to the private sector. This still leaves problems, however, over whom the industrial subsidiaries would be transferred to and at what price.

Over compensation, the Council seems to have ruled that the Government's proposed formula of an evaluation based on Bourse values is constitutional. But it has apparently recommended that a formula that would include companies' net asset values and profitability would be preferable.

Disagreements within the Conseil d'Etat over the nationalisation bill meant that the discussion was prolonged into yesterday rather than being finished on Thursday as had been intended. A special ministerial meeting will review the bill on Monday before it is put to the cabinet for final decisions on Wednesday.

CONTENTS

Personal lending: the banks' booming business 14
The battle of Pratt: a cautionary tale 15
Your savings: impact of the increase in interest rates 6-7
Property: time for a fall in prices ... 8
Travel: autumn weekend holidays; Hyderabad and its temples 9
Motoring: cars for the 1980s 9
Collecting: magical musical machines 13
Golf: the Ryder Cup 13
Weekend brief: the depression that blew good 15
Man in the news: David Steel, Liberal marriage broker 26

Appointments	20	FT Actuaries	22	Overseas News	2	Unit Trusts	23
Arts	12	Gardening	13	Property	8	Weather	26
Books Page	10	Golf	13	Racing	8	Your Savings/Inv.	7
Bridge	13	How to Spend It	11	Share Information	24-25	Week in the Mkts.	6
Chess	13	Intl. Co. News	19	SE Week's Deals	17	Base Lending Rates	17
Collecting	12	Leader	14	Stock Markets:		Building Soc. Rates	21
Commodities	19	Letters	14	London	22	Local Authy. Bonds	21
Company News	16-17	Lex	26	Wall Street	18	ANNUAL STATEMENT	
Contracts	14	London Options	17	Bourses	18	Atlantic Assets	17
Crossword	12	Man in the News	26	Travel	9	OFFER FOR SALE	
Economic Diary	15	Mining	5	TV and Radio	12	Britannia	6
Entertain. Guide	12	Money & Exchngs.	21	UK News:			
European Options	20	Motoring	9	General	3-4		
Finance & Family	6			Labour	4		

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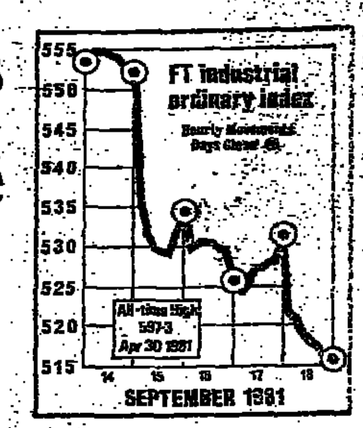
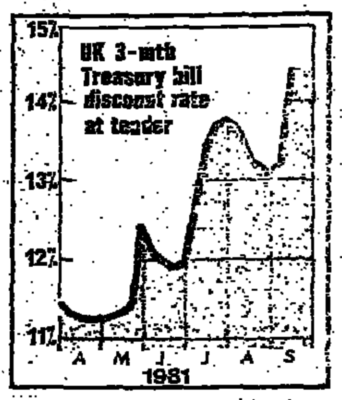
POUND FALLS AS INTEREST FEARS GROW

Stock market has worst week since 1976 crisis

BY ANATOLE KALETSKY





THE LONDON stock market was still reeling at the close yesterday after its worst week since the 1976 sterling crisis. The FT 30-Share Index fell 16 points during the day to close at 515.4—38 points down from the previous week's level—amid speculation that interest rates are set to rise still further.

There was little sign of buying interest at any point on Friday, although the market closed marginally above its worst after a slight recovery in leading electrical and defence shares late in the afternoon.

THE RETAIL Price Index rose significantly last month to reach an annual rate of 11.5 per cent, compared with 10.9 per cent in July. Treasury officials expect a lower rate in coming months. Back Page.

Otherwise, shares were marked down across the board. There was distinct nervousness about the prospect when the market reopens on Monday, with traders referring to the lack of any signs of technical support for prices.

Yesterday's fall was set off by Thursday's weakness on Wall Street. It gathered pace as money market rates rose above 15 per cent in the morning.

With the Treasury bill tender in the afternoon setting an average rate of 14.4381 per cent—which would have pointed to a Minimum Lending Rate of 15 per cent under the Bank of England's old monetary system—the conviction spread through the market that the next move in interest rates is more likely to be up than down.

The main underlying reason for this week's steady fall in share prices, which was interrupted only by a weak rally of 5.9 points on Thursday, was the weakness of sterling and the Government's action at the start of the week to push up interest rates.

However, gilts fell by only about ¼ point yesterday, after their large losses earlier in the week. The absence of a tap stock from the Government Broker helped to support the gilt-edged market, although some dealers argued that the decision not to issue a tap was motivated by a fear of undermining the precarious market even further.

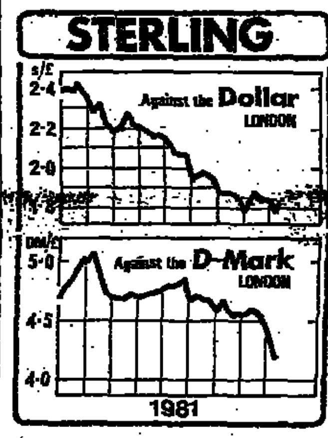
The FT Government Securities Index closed at 62.32, the lowest level for 4½ years, with some long gilts yielding over 16 per cent.

Equity losses were not concentrated in particularly interest-sensitive stocks, despite the market's preoccupation with interest rates. Some dealers described the market's behaviour as "indiscriminate."

Despite the gloomy atmosphere in the market itself, analysts pointed out that certain of the week's events—particularly the fall in the exchange rate and the Government's apparent determination to take a hard line with public sector wages—could be seen as bull points in the market.

It was also pointed out that, even after the week's steep fall, the FT-Actuaries All-Share index stands at 305.31—only 9.8 per cent down on its all-time peak reached last month.

STERLING



£ in New York

	Sept. 17	Previous
Spot	$1.8510-8530	$1.8535-8555
1 month	0.28-0.35 pm	0.18-0.25 pm
3 months	1.15-1.25 pm	1.00-1.10 pm
12 months	4.50-4.70 pm	4.45-4.65 pm

Speculation on D-Mark revaluation gains strength

BY DAVID MARSH

THE D-MARK made further strong gains yesterday against the dollar and sterling amid intense speculation of an imminent revaluation of the West German currency within the European Monetary System.

At the end of a turbulent week on the foreign exchanges, the pound declined sharply against Continental currencies.

Sterling's trade-weighted index, measuring its value against a basket of other currencies, fell to 87.0 from 87.7. In a thin market, selling gathered pace following news of the jump in Britain's inflation rate last month.

The pound rose 0.1 cents against the generally weaker dollar, closing in London at $1.8350. But it fell to DM 4.1650, from DM 4.18 on Thursday, and also declined against the Swiss and Belgian francs.

The dollar closed at DM 2.2690 in London from Thursday's DM 2.2790, after weakening at one point to DM 2.25.

The D-Mark rose to its upper permitted limit in the EMS against the Belgian franc at the mid-day Frankfurt fixing, forcing the West German Bundesbank to buy BFr 353m to support the Belgian currency.

Speculation about a revaluation of the D-Mark has gathered strength during the past few weeks following evidence of a sharp improvement in West Germany's balance of payments.

Lex, Back; Editorial comment, Page 14; Cyclical indicators, Shore condemns pay limit, Treasury duties, Page 3; Money markets, Page 21

هكذا من الأصل

OVERSEAS NEWS

'We have the moral right to demand an end to anti-Soviet impudence'

OUT OF PATIENCE and clearly afraid that the Polish "revolution" is running out of hand, the Soviet Union yesterday delivered a stern warning to the Government and people of Poland. The text of the Kremlin statement, slightly shortened, follows:

"The Central Committee of the Communist Party of the Soviet Union and the Soviet Government are compelled to draw the attention of the Central Committee of the PUWP (Polish Communist Party) and of the Polish Government to the growing anti-Sovietism in Poland and to such an intensification of it which has reached dangerous limits.

"Facts indicate that an acute and unchecked campaign is being waged openly, widely and with impunity in the country against the Soviet Union, its foreign and home policies and that it amounts not to sporadic irresponsible hooligan excesses but to co-ordinated actions by the enemies of socialism of a clearly defined political line.

"Its main objective is to vilify and cast aspersions on the world's first Socialist state and on the very idea of Socialism, to enkindle among Poles hostility and hatred of the Soviet Union and the Soviet people, to break the bonds of the brotherly friendship linking our nations and as a result to wrest Poland out of the socialist commonwealth, and to liquidate Socialism in Poland herself.

"The rabid propaganda against the Soviet Union emanates from the pages of various publications, from movie screens, from theatres and stages.

"It openly sounds in public enunciations—before mass audiences—from the ringleaders of KDR (the Committee for Social Self-Defence), the Confederation of Independent Poland, from Solidarity.

"The first round of the congress of that trade union has become in effect a permanent tribune from which slanders and insults are sounded against our state.

"The so-called message to the working people of Eastern Europe adopted in Gdansk (offering help in establishing free unions) has become a revolting provocation.

"The anti-Soviet forces carry on insulting the memory of the Soviet soldiers of whom hundreds of thousands gave their lives for the freedom and independence of the Polish nation. They desecrate their graves. Threats have started appearing against soldiers of the units of the Soviet army.

"The scale, intensity and degree of the hostility . . . cannot but give grounds to our question why the Polish official authorities have not taken any resolute steps so far to cut short the campaign. . . . We know of not a single case in which the initiators of the anti-Soviet provocations would meet with a harsh reaction on the part of the authorities and would be punished.

"More, they easily avail themselves of state-owned premises to hold their meetings, are given access to mass media and have technical equipment at their disposal although it is known well in advance for what purposes these means will be used.

"Time and again we have drawn the attention of the PUWP leadership and the Polish Government to the mounting wave of anti-Sovietism in Poland.

"We do not hide that all this evokes deep indignation of the Soviet people. The CPSU Central Committee and local party organisations receive a constant stream of letters in which Soviet communists and people of no party affiliation express their astonishment at the impunity of the anti-Soviet propaganda conducted in the neighbourly friendly Socialist state.

"The Soviet people, which has made vast sacrifices to liberate Poland from fascist bondage, which has selflessly helped and continues to help your country today, has the full moral right to demand that an end be put to the anti-Soviet impudence in Poland.

"The CPSU Central Committee and the Soviet Government feel that further leniency shown to any manifestation of anti-Sovietism does immense harm to Polish-Soviet relations and is in direct contradiction to Poland's allied obligations and the vital interests of the Polish nation.

"We expect that the PUWP leadership and the Polish Government immediately take the determined and radical steps in order to cut short the malicious anti-Soviet propaganda and actions hostile towards the Soviet Union."

Russia's toughest warning yet to Poland calls for 'determined and radical steps'

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

THE LATEST Soviet message to the Polish state and party authorities is the toughest Soviet warning to Poland so far. But it is not an ultimatum and makes clear that the Soviet Union still expects the Polish authorities to deal with the situation on its own.

The text is essentially a protest against the failure of the Polish authorities to act with sufficient energy against what the Soviet Union sees as an increasingly anti-Soviet and nationalist wave in Poland.

It ends by calling on the Polish Government to take "determined and radical steps" immediately. The message does not spell out what it thinks those actions should be, although a clue to its intentions is contained in its complaint that "not a single case" of anti-Soviet provocation has led to punishment of the perpetrators.

The implication here is that the Soviet Union now expects the Polish authorities to arrest and bring to trial people whom the Soviet media has singled out as anti-Soviet elements, including, perhaps, leaders of the KOR, worker self-defence movement.

In theory the Polish authorities could take a wide range of measures. They could declare a state of emergency, outlaw Solidarity—as urged last week by leading Politburo hardliner Mr Albin Siwak—cancel the second part of the Solidarity Congress due to start at the end of next week, disavow their present policy of co-operation with the new trade unions and back all this up with the arrest of people known to be anathema to the Russians.

In practice, however, even the arrest of a few prominent Solidarity advisers could spark off the sort of confrontation which both Solidarity and the authorities have sought to avoid so far. Conceivably, it could be the Soviet intention to provoke civil unrest in Poland which would create the conditions for a Soviet intervention to "restore law and order."

But the evidence does not point in this direction. The fact that the Soviet Union has resorted to yet another verbal warning, despite the lack of impact of previous warnings of this kind, implies that the Soviet Union is still deeply reluctant to intervene — and for very good reasons.

Not the least of these are the Soviet need to import 40m tons of grain from the West this year, and the effects of such an intervention on East-West trade.

If this is the case, then the intention behind the latest Soviet letter may be the more modest one of seeking to strengthen the hand of moderates within Solidarity. Its hope must be that the second part of the Solidarity congress will now concentrate on more traditional trade union matters and above all, refrain from the sort of open defiance of the Soviet Union typified by the letter to free union supporters elsewhere in Eastern Europe and the demands for free parliamentary elections.

Count Lambsdorff: rules out embargo

Threat to trade with Moscow

BY ROGER BOYES IN BONN

A SOVIET intervention in Poland would lead to a serious curtailing of Western trade with Moscow but not necessarily to a comprehensive embargo, according to Count Otto Lambsdorff, the West German Economics Minister.

In an interview published yesterday, the Minister outlined the considerable potential for expanding West German-Soviet trade especially in the areas of energy, metallurgy and chemicals. But an invasion would deal a hefty blow to these prospects.

"We all hope that Poland will continue to regulate its affairs by itself, without interference. If matters develop differently—that is, if the Soviets intervene in Poland—then economic co-operation between the West and the Soviet Union will suffer considerably. . . The Soviet side is aware of this as we are."

However, Count Lambsdorff stressed that he was not talking of an embargo—the last U.S. attempt to impose such sanctions revealed more cracks than cohesion in the alliance.

Intervene

West Germany has much to lose both in Poland—governments and banks are heavily exposed in the country—and in terms of curtailed trade with the Soviet Union and other eastern countries should the Russians intervene.

The Government has set aside some DM 1bn in the 1982 budget to cover likely risks in Poland over the coming year and, while it is anxious to provide humanitarian assistance, even that is proving difficult to finance.

Count Lambsdorff made clear that the Soviet Union was a promising market for West Germany, if the Russians do not invade, with trade volume totalling DM 63bn between 1976 and 1980, compared with DM 30bn between 1970 and 1975.

While part of this radical increase simply reflects price rises, above all in Soviet energy exports, it nonetheless gives a pointer to the importance of Soviet trade to West Germany. Count Lambsdorff, who travels to Moscow next week for trade talks, stressed that the planned gas pipe line deal, linking Siberian gas deposits with Western Europe, was essential despite the objections of the Reagan Administration.

Reuter adds from Linz: Poland's failure to keep coal supply contracts with Austria could make it difficult for Austria to provide future credits to Poland, Chancellor Bruno Kreisky told a Socialist party meeting.

Iran to triple sales of oil to Yugoslavia

BY TERRY POVEY IN TEHRAN

IRAN is to almost triple its oil sales to Yugoslavia over the remaining three months of this year. Announcing this on its return to Tehran, a delegation headed by Dr Hussein Namazi, Economics and Finance Minister, also gave details of agreements for an expansion of trade that would take combined exchanges up to the $500m (£263m) level next year, more than five times the 1978 amount.

According to officials in Tehran, Yugoslavia is to buy 700,000 tons of crude oil over the period October 1 to December 31. At 56,000 b/d this is an almost threefold increase on the 20,000 b/d for the first nine months of this year.

In addition, Yugoslavia has agreed to allow Iran use of some of the surplus capacity in its refineries

Israel anxious to mollify Reagan

BY OUR TEL AVIV CORRESPONDENT

ISRAEL appeared anxious yesterday to tone down its opposition to the proposed sale by the U.S. of advance surveillance aircraft to Saudi Arabia for fear of upsetting President Ronald Reagan.

Officials said Israeli diplomats in the U.S. had been told to maintain "low profiles" and to avoid giving newspaper, radio or television interviews.

The officials said they were surprised that the strength of congressional opposition to President Reagan's plan to sell Saudi Arabia advance warning and control aircraft (Awacs) and sophisticated attack equipment for F-15 fighters. They insisted that Israel had refrained from intervening directly in the dispute between the White House and Congress.

On his recent visit to Washington, Mr Menahem Begin, the Israeli Prime Minister, adopted a strategy of expressing Israeli opposition to the sale when asked about it but of avoiding direct campaigning against it in public.

Now that congressional opposition seems strong enough to block the deal, Israeli leaders fear they will be blamed by President Reagan if it falls through. Mr Alexander Haig, the U.S. Secretary of State, has said already that collapse of the Saudi deal would harm U.S.-Israeli relations.

Israeli officials were at pains to point out yesterday that a large part of the congressional opposition to the sale came from sources quite separate from the redoubtable pro-Israel lobby. The officials complained that making the Awacs deal a condition for pursuing the proposed programme of U.S.-Israeli strategic co-operation would be a breach of agreements reached in Washington.

Some commentators argue that Israel's low-key attack on the Awacs deal had left it in a no-win situation. If the sale falls through Israel will have aroused the ire of a President they regard as the most pro-Israeli leader in 30 years. If the deal goes ahead they will see dangerous weapons in the hands of a hostile Arab state and still carry some scars from the clash with the White House.

Meanwhile, the Israelis have achieved modest progress in their negotiations to normalise relations with Egypt. After a week of talks in Jerusalem, the Egyptians have agreed to open up additional border crossing points, to allow extra flights between Cairo and Tel Aviv and to permit lorries to drive direct between each nation's cities, instead of transhipping their cargoes at the border.

Senate setback for Awacs sale

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration has been dealt a serious setback, almost before beginning the Awacs battle in earnest, by the move of 50 Senators—half the Senate's membership—to back a resolution blocking the sale of the advanced radar aircraft to Saudi Arabia.

The move by 32 Democrats and 18 Republicans came as Mr Alexander Haig, the Secretary of State, outlined four conditions agreed by the Saudi Government and designed by the Reagan Administration to allay the concern of Israel and its supporters in the U.S. that the Awacs aircraft could pose a threat to Israel.

The latest development may force the Administration to re-open negotiations with the Saudis, perhaps with a view to joint U.S.-Saudi operation of the aircraft as suggested by many Senators. The four conditions fall short of this, and are related to physical security of the aircraft, a ban on transfer of Awacs equipment and data to third countries, and limits on how near to Israel the Saudis could fly the aircraft.

The Administration yesterday put a brave face on the Senate setback. Vice President George Bush forecast that the sale would go through. It was in the interest of all concerned, including Israel itself "because it is very important that Israel should not be ringed by a bunch of radical states supported by the Soviets."

The Awacs sale has become a cornerstone in the Reagan Middle East policy, with Mr Haig giving warning of "immense and unpredictable" consequences if it is blocked. The Administration sees Saudi Arabia as a bastion of stabilty in a region now threatened by ever-closer ties with states like Libya, South Yemen and Ethiopia.

The Awacs sale is now balanced on a razor's edge on Capitol Hill. Originally, 51 Senators were said to have co-sponsored the veto resolution—enough to carry it. But Senator S. I. Hayakawa of California then said he had been miscounted among the opponents, though he was leaning against the arms sale.

Senators Bob Packwood and Henry Jackson, the Republican and Democrat leaders of the fight against Awacs in the Senate, claim to have several more votes in reserve.

It would take a majority in both Houses of Congress to block the sale, which is due to be notified formally to Congress at the end of this month. But the White House has virtually given up House of Representatives approval of Awacs sale as a lost cause.

The proposed sale is even more controversial than the 1978 sale of F-15 fighters to the Saudis, for which President Carter secured approval by 54-44 votes in the Senate. A key factor then was the assurance that the F-15s would have no long-range offensive capability that could be turned against Israel.

President Ronald Reagan (centre) holds talks with Mexican President Jose Lopez Portillo (left) and Canadian Premier Pierre Trudeau at Grand Rapids, Michigan. Increased aid to the Caribbean and next month's North-South conference were on the agenda.

Washington revises real GNP estimate

THE U.S. Commerce Department yesterday revised its estimate of the decline in real gross national product during the April-June quarter to 1.6 per cent at an annual rate—a slight improvement over the earlier estimate of a 2.4 per cent annual rate fall in the 1981 second quarter.

But other indicators released this week showed a further weakening in the U.S. economy during the current third quarter, David Buchan writes from Washington.

The number of new houses dropped 10.7 per cent in August from the month before to hit the lowest rate in more than six years. Factory use in August also slipped to its lowest level in 10 months.

Oil imports down

THE American Petroleum Institute reported that U.S. imports of crude oil fell nearly 23 per cent in the first eight months of 1981 from the same period last year. At the same time, domestic oil production rose slightly in August, AP-DJ reports.

Clashes in Cairo

POLICE with whips clashed with anti-Government Islamic extremists after prayers in Cairo yesterday for the third successive week, Reuter reports.

Tear gas was used to control demonstrators chanting Allah akbar (God is great) outside the Ein Al Hayeh mosque in east Cairo. A number of wounded protesters were taken away in police trucks.

Kielland stalemate

A POLITICALLY sensitive decision about what to do with the North Sea hotel platform Alexander Kielland will be left to the new Socialist administration, Norway's outgoing Labour Government said yesterday, Fay Gjester writes from Oslo.

The Kielland, which capsized last year, killing 123 people, has been moored upside down in Stavanger for over a year.

Petrol prices drop

PETROL prices have started to fall in West Germany after eight price increases since the beginning of the year, Kevin Done reports from Frankfurt. The first cut of 2 pfennigs a litre was made by Deutsche BP, and several other companies, including Aral, Esso, Shell and Texaco, yesterday followed suit.

S. Africa 'can meet its own arms needs'

BY BERNARD SIMON IN JOHANNESBURG

THE ENTIRE ammunition needs of South Africa's armed forces can be met by local industry, Mr Piet Marais, chairman of the state-owned weapons manufacturing and procurement agency Armscor, said yesterday.

He was speaking at the opening of a new rapid-fire ammunitions plant at Pretoria Metal Pressing, an Armscor subsidiary near Pretoria. The plant, built at a cost of R176m (£103.5m) is the largest prefabricated concrete structure in the southern hemisphere.

According to Mr Marais, Armscor subsidiaries and contractors manufacture 141 different kinds of ammunition for the army, air force and navy. He said that Armscor had aimed for total self-sufficiency in ammunition because "regular imports in a clandestine way are virtually impossible." Ammunition had been identified as the product most vulnerable to the arms embargo imposed by the United Nations against South Africa in 1977.

Armscor has rapidly become one of South Africa's largest industrial companies in the last decade. Its assets total around R1.2bn and it employs 29,000. It is expected to deliver weapons and other military equipment worth R1.4bn this year, compared to only R32m in 1968. It claims to be the West's 10th biggest arms producer.

The company's activities are shrouded in secrecy, but it is known to produce Mirage and Impala combat aircraft, guided missiles, missile boats, tanks, armoured cars and a wide range of electronic equipment.

Mr Marais said that Armscor had spent R628m to expand its production facilities since the UN embargo was imposed four years ago. A R90m small arms ammunition plant was completed recently. Mr Marais said that the new rapid-fire factory was the second last ammunition plant to be commissioned.

Italy given go-ahead to complete Gulf port work

BY RUPERT CORNWELL IN ROME

CONDOTTE D'ACQUA, the Italian engineering group controlled by the State-owned IRI conglomerate, has signed a scaled-down agreement with the Iranian Government to complete development of the halted Bandar Abbas port project on the Persian Gulf by March 1984.

The deal, which provides for Iran to make good $220m (£122m) of frozen payments for credits, amounts to only three-quarters of the project envisaged in 1975, almost four years before the Iranian revolution.

However, the completion still involves work for a value of L460bn ($420m) at current prices, and in signing the new agreement the Islamic Republic has acknowledged for the first time the validity of damage claims by foreign contractors, arising from the Revolution and the continuing conflict with Iraq.

When the former regime of the Shah was toppled in January, 1979, only 40 per cent of the work was completed. Nonetheless, Bandar Abbas, situated strategically on the Straits of Hormuz, is today the only commercial sea port functioning in the country. Although it is less than half finished, 2.5 km of quaysides are in operation.

Despite the special strategic importance of Bandar Abbas, which is out of range of Iraqi bombers, the Italians believe that the new contract replacing the earlier one which expired in September, 1979, could signal a desire by Tehran to rebuild at least some of the commercial ties destroyed by three years of political turmoil.

Despite reports of a shortage of foreign currency, Iran has agreed to make good the $220m outstanding by the end of April, 1982. Of the sum, 70 per cent will be settled in foreign currency, and 30 per cent in convertible Iranian rials.

French unions press for bigger say in management

BY TERRY DODSWORTH IN PARIS

THE first signs that French trade unionists are preparing to flex their muscles to increase management accountability to labour in the nationalised sector are beginning to emerge.

Workers in three leading nationalised companies have protested about their managements in recent weeks. They have been joined by unions at Pechiney Ugine Kuhlmann.

The most pronounced union attack came earlier this week when the CGT, the Communist-led trade union, called for the resignation of M Jacques Petitmengin, chairman of Charbonnages de France.

M Petitmengin was accused of wanting to "sabotage" the Socialist plan to produce more energy from domestically-mined coal.

A similar complaint has been directed at M Pierre Giraudet, chairman of Air France, the nationalised airline. The airline's left-orientated CFDT union says that M Giraudet, who was re-elected at the beginning of July, has not been prepared to negotiate effectively.

In a third case, workers in the helicopter manufacturing division of Aerospatiale, the aerospace group which is headed by M Jacques Mitterrand, brother of the President, have charged the local management with an anti-Government policy.

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U.S. poised to reduce airline operations

THE U.S. Government is preparing to order a major reduction in airline operations because it fears the air traffic control system is becoming strained.

Mr Drew Lewis, Secretary of Transportation, and Mr. J. Lynn Helms, administrator of the Federal Aviation Administration (FAA) warned airline presidents in Washington of the possible cuts on Thursday.

Airline operations, which are pushing close to 70 or 75 per cent of normal at 22 major airports, may be cut to 50 per cent, that is the level originally ordered by the government following the air controllers' strike that began August 3, the airline presidents were told.

One industry official said that Mr Lewis and Mr Helas indicated the cuts would become effective from October 25, when the industry makes seasonal changes in schedules. Another official said the government cuts would become effective from December 1.

A spokesman for Mr. Lewis said that the Secretary told airline presidents that if the system shows signs of becoming strained, cuts will be ordered, but specific per centages of cuts were not used, he said.

Officials cited two reasons for the possible cuts. First, government officials believe that some of the airlines have been trying to "cheat" by reinstating too many flights.

A second problem causing concern is general aviation. Some officials said small aircraft have begun flying again in large numbers, putting the system under strain.

● Canadian air traffic controllers, who in an August boycott interrupted flights across the North Atlantic and between the U.S. and Canada are to be disciplined for the disruptions, the Canadian Transport Department said.

Mr Jean-Luc Pepin, Transport Minister, said action will be taken against some 154 controllers who refused to handle flights after being ordered to do so.

UK NEWS

Severn energy 'would be economical'

By Robin Reeves

THE SEVERN tidal barrage is ...ly to be at least as econo...al as other potential sources ... renewable energy, Sir ...mann Bondi, chairman of ... Severn Barrage Feasibility ...mittee said in Cardiff yester...

At a seminar on the pro...sed barrage—which his com...ttee has reckoned to be ...sible at a cost of £5-£6bn—Sir ...ermann said the committee's ...ain cost comparisons in its ...port had been with the costs ... power generated by nuclear, ... and coal sources.

They had found that other ...ential sources of renewable ...ergy were not yet well-enough ...died, he said. "But I feel ...rtain that they would prove ...ore, not less, expensive than ...al energy."

The Severn Barrage Commit...e has recommended to the ...vernment that a further £20m ... spent on a more in-depth ...vestigation of the proposed ...heme.

However, Dr Garel Rhys, an ...onomist at University College, ...rdiff, said the barrage could ...estroy more jobs than it ...eated. The energy generated ...y the barrage could replace ...he use of up to 8m tons of ...oal. This would lead to pit ...losures.

The barrage should not be ...igh on any government's list ... priorities, he said.

Stores groups to create 500 jobs

TWO MAJOR stores groups will create about 500 jobs in retailing.

The Asda group is to build a store in Middlesbrough, Cleveland, next year, where 300 people will be employed. The store will cover 62,500 sq ft. Of this, 42,000 sq ft will be selling area.

A £3m shopping complex to open in Top Valley, Nottingham, in 1983 will create 200 jobs.

The centre, which is being developed by Tesco, will include a 64,000 sq ft supermarket, six shops, a petrol station and a 400-space car park. It was granted planning permission by Nottingham City Council yesterday.

The Owen Owen department store group yesterday opened a department store in Basingstoke, Hampshire, which will create 300 jobs.

Warwickshire police try out Jaguars

WARWICKSHIRE Constabulary has taken delivery of three Jaguar XJ6 4.2 saloons for a high mileage assessment exercise to be conducted jointly with Jaguar. Other police forces are talking to the company about similar schemes.

Mr John Egan, Jaguar Cars' chairman, who launched a major productivity and quality improvement programme on taking up the job last year, says the schemes represent "a means of accelerating our engineering assessment programme."

Two of the cars will be used for motorway patrols; the other by senior officers.

London Standard charges more

THE STANDARD, the London evening newspaper formed last year from the amalgamation of the Evening Standard with the Evening News, announced yesterday that it is to raise its price from 12p to 15p on Monday.

It blames an "enormous upsurge in production costs," particularly the rising price of newsprint following the fall of the pound against the dollar.

Whitbread bottling depot to close

WHITBREAD BREWERIES will close its Lewisham bottling depot on January 15 with the loss of 86 jobs.

The distribution depot at Lewisham will continue to operate.

Japanese failure to limit van exports attacked

BY HAZEL DUFFY IN TOKYO AND KENNETH GOODING IN LONDON

THE JAPANESE industry's failure to keep light commercial vehicle exports to the UK within the voluntarily agreed limits came under strong attack from Sir Keith Joseph in talks with Mr Rokusuke Tanaka, Japanese Minister of International Trade and Industry, during talks in Tokyo yesterday.

Sir Keith, still acting as Industry Secretary on his visit to Japan, told Mr Tanaka that the Japanese motor industry must understand how discredited it would be if the level of sales covered by the voluntary agreement continued to be exceeded for the rest of the year.

His intervention came just as a further round of industry-to-industry talks about the thorny question of light commercial shipments from Japan to the UK is about to begin.

Staff from the British Society of Motor Manufacturers and Traders (SMMT) and the Japanese Automobile Manufacturers' Association (JAMA) will meet in London on Monday and Tuesday to discuss the issue.

At the end of July, the Japanese share of Britain's light commercial (vehicles up to 3.5 tons gross weight) market was 16.6 per cent compared with 12.7 per cent for the same period last year.

The Japanese have exported 24,000 light commercials so far this year and even if no more were shipped in 1981, the British industry estimates that if all these were sold the Japanese share would be 15 per cent for the full 12 months compared with the 11 per cent or less expected if the terms of the voluntary agreement are to be met.

On the wider issue of the huge imbalance in visible trade between the UK and Japan, Sir Keith warned that the protectionist pressures growing within the EEC "might become irresistable unless something is done to rectify the situation."

He said Japan could buy more capital goods from Britain, and emphasised that it should buy more defence equipment in particular.

British Aerospace is due to hold one of its biggest-ever promotions of the naval version of the Harrier jump-jet fighter in Japan next month.

Sir Keith spoke at a press conference yesterday about the "several layers of sales" that exist in Japan which impede a greater flow of imports into the country, of which "the most deeply entrenched is that of the Japanese culture."

He said that this latest short series of talks had done little to reduce the impediment to British exporters.

Mr Tanaka, however, expressed his concern about the trade imbalance and repeated his promise made earlier this year that Japan will import more.

● There appears to be little prospect of agreement between European nations for multilateral action against the Japanese motor industry, said Mr George Turnbull, chairman of Talbot UK, yesterday. But "some form of moderation of Japanese competition is now clearly essential while the industries of Europe readjust."

At the European Rubber Industry conference in Rotterdam he suggested governments would have to re-examine their taxation policies if the European motor industry was not to disappear completely in the next few years.

"If European manufacturers are to maintain a competitive stance in world markets for cars and if the mechanical engineering skills of component manufacturers are to survive, then the people who form the market in Western Europe should not be inhibited by an undue amount of taxation from purchasing new cars.

"Japan built up her strength by an enlightened policy on the part of her Government towards the motor industry and this has been of great benefit to other Japanese industries and to the people of Japan."

Mr Turnbull said it would take time for the West European motor industry to adjust to meet the Japanese competition and during that time it needed support. "I am not suggesting that we should totally exclude all forms of external competition but if the hot breath of competition is too fierce we must moderate it to give breathing space to replan and readjust," he said.

"Japan after all would never have reached its competitive strength in the narrow range of industrial products which it exports if those industries had not in their infancy received protection from competition."

Treasury report indicates upturn

BY ANATOLE KALETSKY

CYCLICAL INDICATORS for the UK economy published yesterday by the Treasury provided further evidence that the recession has touched bottom and a mild recovery in economic activity is now under way.

But tentative questions about the durability of a recovery are raised by the indicators of longer-term prospects.

The index of coincident indicators rose for the third month running in July from 9.15 to 92.5, confirming that the trough in the economic cycle probably occurred around April this year.

The coincident indicator is compiled on the basis of CBI surveys of capacity utilisation and raw material stocks and on Government information on manufacturing production, retail sales volume and the output measure of GDP.

Turning points in the coincident indicator usually coincide reasonably closely with turning points in the average measure of GDP in constant prices.

Of the component series in the coincident indicator, retail sales and the GDP output measure are still having a downward effect on the index.

The longer leading indicator, which is supposed to turn about one year before turning points in the real economy fell marginally again in August from 117.9 to 117.7.

This means the longer leading indicator has been falling for three months in a row and could be interpreted as pointing to a fresh downturn in activity next summer.

But the behaviour of this index, which is based on changes in interest rates, share prices, business opinion and housing starts, has been particularly erratic over the past two years.

So it is not yet clear if the fall of the longer leading indicator is part of a sustained trend. The lag between a peak in the longer leading indicator and a peak in the economy is also extremely variable.

● A reallocation of responsibilities among Ministers in the new Treasury team appears to give the Chancellor of the Exchequer, Sir Geoffrey Howe, an even greater personal role in the conduct of monetary policy and to strengthen the Treasury's oversight of public spending.

Monetary policy, which previously fell under the Financial Secretary, Mr Nigel Lawson, has been transferred to Mr Jock Bruce-Gardyne, the new Minister of State, who will also deal with overseas finance, banks, building societies and national savings.

The new Financial Secretary, Mr Nicholas Ridley, will take charge of asset disposal and privatisation, the European Community Budget and certain areas of tax policy. His main role will be to assist the Chief Secretary, Mr Leon Brittan, who is the Cabinet Minister primarily responsible for public spending.

Shore condemns 4% pay limit

BY RICHARD EVANS, LOBBY EDITOR

MR PETER SHORE, Shadow Chancellor of the Exchequer, claimed yesterday the heart of the Government's economic policy was to restore competitiveness by cutting the living standards of wage earners.

In the Opposition's first considered reaction to this week's increase in interest rates, the proposal to limit public sector pay rises to 4 per cent, and the Cabinet reshuffle, Mr Shore said the humiliation of "wets" in the Government was not complete.

"Alternatives to the Government's crazy economic policy there certainly are but Mrs Thatcher can now truly claim there is no Tory alternative in the lifetime of this Parliament," Mr Shore declared. He said any prospect of sanity and realism in Cabinet discussions had been banished.

The first decisions of the new hard-line Cabinet had been to place a 4 per cent limit on next year's pay settlements throughout the public service sector. This figure, Mr Shore said, had to be seen against the background of the inflation rate.

"Inflation will be at least double if not treble the permitted pay increase. In other words what the Government is planning to bring about is a sharp drop in living standards of millions of people employed in the nation's community services—the biggest drop we havo known in any year since the war.

"It is here that we come to the very heart of the Government's economic policy. It is their settled purpose to restore competitiveness by cutting the living standards of Britain's wage and salary earners," Mr Shore told Labour Party members at Woking, Surrey.

Ministers had not even attempted to bring the exchange rate into line with its true value rate into line with its true value. Instead, they had opted for the crudest, most ineffective and most brutal way of restoring competitiveness, he said.

On interest rates, Mr Shore argued that the effect of the 2 per cent increase would considerably raise direct costs on industry.

Ronson warranties pledge

BY JAMES McDONALD

CAVWAIN—the company which has contracted to buy the business and assets of Ronson Products from the receiver—last night gave an assurance to the retail trade that it will honour all warranties on Ronson goods sold before the receiver was appointed on August 14.

Cavwain will also treat sales by the receiver in the normal course of trading as having been made on a "with warranty" basis and will offer the usual facilities for repair and servicing.

Last night's statement said that in order to preserve the interests of Ronson's creditors, the receiver had so far felt unable either to offer guarantees on sales made since August 14, or to fulfil Ronson's pre-receivership warranty obligations.

Cavwain said the statement was being made because of uncertainties in the trade.

Foot victim of Soviet propaganda, says Hurd

By Richard Evans, Lobby Editor

MR MICHAEL FOOT'S view that his visit to Soviet leaders had achieved a breakthrough on disarmament was described yesterday by Mr Douglas Hurd, Minister of State at the Foreign Office, as "ludicrous."

Mr Foot, who returned from Moscow yesterday with Mr Denis Healey, Shadow Foreign Secretary, and other Labour MPs, said he thought Nato countries would be pleased at the outcome of the talks and that the Americans would also regard them as a big step forward.

"I hope that the British Government will also realise their importance. If they had taken as much effort as we have we would be closer to getting negotiations under way."

Mr Foot believed the talks could lead to a position where there is what is called the zero option, with no nuclear weapons based in Europe.

"No one who attended the talks could have any doubts about the desire of Soviet leaders to get negotiations under way."

Interviewed on ITN Mr Hurd said it was "ludicrous chatter" of Mr Foot to claim there had been a breakthrough. What seemed to have happened was that the Russians had waved under his nose an old propaganda offer of two years ago and told him that negotiations were going to begin very soon.

"People like Michael Foot—and a long trail of Socialist leaders—go to Moscow at intervals to have the wool pulled over their eyes in this kind of way. I think it is misleading and dangerous," Mr Hurd said.

Wombwell closure puts 360 jobs at risk

By Alan Pike

WOMBWELL FOUNDRY and Engineering, a Barnsley-based company in severe financial difficulties for some months, announced yesterday it would cease trading and a receiver would be appointed.

The decision puts about 360 jobs at risk. Directors said yesterday they regretted the possible loss of jobs in an area of high unemployment.

Wombwell and its subsidiaries have been engaged in rollmaking and iron and steel founding. The fate of the company reflects the pressure on the private steel sector during the recession.

Earlier this year Wombwell announced a half-yearly pretax loss of £483,976. Its decision to stop trading follows two unsuccessful attempts in two months to persuade the National Westminster Bank to support refinancing proposals.

In the last proposal the Sprotbrough foundry at Doncaster would have shut, concentrating production on the Wombwell foundry.

A company spokesman said yesterday this proposal might have saved about half the 360 jobs. But the bank had turned it down and refused to extend borrowing facilities.

● COURTAULDS is to close its Heron Fabric subsidiary at Aber in Flint, North Wales, with a loss of 135 jobs. The business was established four years ago to manufacture and market stitch-bonded fabrics.

● A FURTHER 70 jobs will be created next year after a decision by the U.S. General Electric Company to expand its UK medical manufacturing and engineering production facilities.

Government ends cash for GLC to build council houses

BY ANDREW TAYLOR

THE GOVERNMENT yesterday effectively ruled out any further role for the Greater London Council in new council house building. Instead housing expenditure allocations will be concentrated among the London boroughs.

The decision means that the GLC will not be able to carry out its plan to start building work on 1,500 new public sector homes next year. It had asked the Government to increase its housing allocation from £90m to £200m in 1982-83.

The Department of the Environment in a letter to Sir James Swaffield, the GLC director general, says that the London boroughs "are best fitted to assess and deal with the housing needs in their areas and that it is therefore right for public sector housing in London to be developed and managed at borough level."

The Department said that its decision was in line with plans to transfer management responsibility for 200,000 GLC homes to the London boroughs by April 1982. A further 30,000 GLC homes are due to be transferred by 1985.

The Department makes it clear that future GLC housing allocations will not take account of any new development plans. However allocations will be sufficient to allow statutory duty to maintain and keep in good repair properties still under its management and those affected by the transfer order.

Mrs Gladys Dimson, chairman of the Greater London Councils' housing committee described the Government's decisio nas "savage and senseless," and "a savage blow to London's public housing, with more than 240,000 families currently on council house waiting lists."

New housebuilding by the GLC is already at a virtual standstill as a result of previous public expenditure cuts. The council's housing allocation has been reduced from £238m in 1977-78 to just over £90m in the current financial year.

But the Government's decision was welcomed by Mr Simon Randall, chairman of the housing and works committee of the London Boroughs Association.

"It will mean the boroughs will receive the bulk of London's housing money—justifiably so, since, following the transfer of GLC estates they will cater for the bulk of the capital's housing needs."

● Mr Michael Heseltine yesterday announced plans to stop Government grants to the National Building Agency, which provides technical, management and consultancy services for the public sector. This year the agency which has a staff of 160, received a grant of £386,000.

Mr Heseltine said the NBA's contribution could "be replaced quite adequately by private sector consultancies or other existing agencies." The agency said that the cost of closure would exceed any minimal saving of public funds.

Lothian told to raise fares and charges

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE SCOTTISH Office yesterday proposed that Lothian Region raise transport fares and some charges for social services to meet Government demands for a full £30m cut in the council's spending.

Labour-led Lothian council, which has been fighting a losing battle with the Government over the summer to prevent cuts, has already been forced to make £24m in savings after the Scottish Office started to cut £1.5m from its weekly rate support grant.

Yesterday Mr Malcolm Rifkind, the Scottish Home Affairs Minister, turned down council suggestions that £8m unexpected revenue from early repayment of a public works debt by Livingston New Town, and a revised budget deficit for the previous year, be accepted to close the gap.

He said he wanted the issue settled by next week but reminded the council that it still could get £17m back from the Government once it reached the £30m target. The Government is cutting a total £47m from its rates support grant until it reaches this figure.

Mr Rifkind proposed that bus fares might go up by 5p — the first rise since 1976 — the cost of school meals could go up from 35p to 45p and home help service charges from 50p to £1 an hour.

The new charges, he suggested, would still be lower than those of other Labour controlled councils in Scotland and would not involve redundancies.

Lothian Regional Council has always maintained that cuts affecting its social services were unacceptable and Mr Eric Milligan, the financial controller, said last night it would continue to fight the Government.

The Lothian Labour group meets next Tuesday and a council meeting follows on Wednesday to discuss the spending cuts.

Despite warnings from the council that redundancies among its 33,000 staff would be inevitable in the face of the cuts requested by the Government, none have yet been necessary, despite the £24m already saved.

The council's £4m budget is over 20 per cent above Scottish Office guidelines and the struggle over Lothian spending has been seen as a test for councils in the rest of Britain.

Methodists urged to catch up on scientific issues

BY DAVID FISHLOCK, SCIENCE EDITOR

METHODISTS should take a broader view of the kind of issues currently being challenged by protest groups, such as construction of nuclear power staions, hydro-electric schemes or motorways, according to a report on new technologies from the Methodist Church.

Too often a protest group said it was none of its business to take account of such questions as whether there are economic alternatives to nuclear power, or alternative local employment when projects are scrapped, says the report.* Shaping Tomorrow.

*Shaping Tomorrow, pp. 72. Published by the Methodist Church, 1 Central Buildings, London SW1H 9NU.

IBA may alter TV franchise boundaries

By Arthur Sandles

THE Independent Broadcasting Authority is considering changing the number of commercial television franchise holders in Britain and altering regional boundaries. The changes would take effect at the next round of contract applications in eight years' time.

But Sir Brian Young, director-general of the IBA, told a meeting of the Royal Television Society in Cambridge yesterday that while a variety of changes were under discussion, the basic system was likely to remain.

Whatever the impact of new technology, Sir Brian said, the 1990s would probably still see two main VHF channels in the hands of a limited number of ITV companies, even though franchises would be less attractive with the competition from cable and satellite and re-engineered VHF.

"A process something like the 1980 franchise affair will have to happen again," said Sir Brian.

"But we have talked of the possibility of further changes in the regional map. Some argue we shall need fewer regions, in order to have a stronger critical mass and more centralised financial centralised financial strength to put on strong programmes against international rivals."

He said others argued there should be more regions because terrestrial television could do a regional job which satellite competition could not.

Another suggestion was that contenders for franchises could be mobile—that was, a particularly good contender pitching against a strong incumbent could be diverted to an area where their talents might be more needed.

Sir Brian condemned criticism of IBA's performance in the field of finance. (The authority has been locked in a back-stairs wrangle with Trident Television.)

"You can debate endlessly whether we got the right balance, between giving the public the service it ought to have enabling ITV companies to still attract the investment they need," said Sir Brian.

"But there was nothing slapdash or amateur about the attempt to get this right balance."

Mr Howard Steele, managing director of Sony Broadcast, said Sony forecasted that 30 per cent of UK homes would have video recording equipment by the end of 1984. This would have a considerable effect on the scheduling of TV programmes.

Property group backs land speed attempt

By John Griffiths

A PROPERTY company, Trust Securities Holdings, yesterday filled a shortfall in funds needed for an all-British assault on the world land-speed record at the end of this month.

Mr Richard Noble, leader of the Project Thrust team which has built the 650 mph car, had warned at the car's formal unveiling last week that £20,000 was needed.

The team had to know by early next week "if the car will go to the salt flats or the museum." The project up to the unveiling has cost £800,000, with 179 UK companies providing funds or expertise.

Mr Peter Jones, Trust Securities' chairman, said yesterday: "We read about Richard's difficulties, and felt such a project should not fail for lack of financial sponsorship.

"Some of the original backers have contributed as much as they are able to and this final piece of the jigsaw needed fitting into place."

Mr Jones drew a parallel between the project and Trust Securities' own proposals, just announced, for a 250-acre technology and science park on the fringes of Heathrow Airport.

"We believe the quality of British technical expertise that has gone into the vehicle makes it a national project," he said.

● "Bluebird," the car in which Donald Campbell broke the world land-speed record at 403.1 mph in 1964, has been bought for the nation by the National Heritage Memorial Fund, with supplementary amounts from the National Motor Museum Trust and the Science Museum.

No price is being revealed, but it is said to reflect "the desire and generosity of Mrs Campbell in ensuring that Bluebird remains in Great Britain."

It will be on indefinite loan to the National Motor Museum at Beaulieu.

James McDonald looks at the fight for the lawnmower market

Flymo cuts up rough on adverts

FLYMO lawnmowers will continue to mount an aggressive advertising campaign next year, though it remains to be seen whether it will be "competitive or knocking copy," the company said today.

It was replying to a statement by the rival Birmid Qualcast group that claims made in two of Flymo's advertisements this year had been found to be misleading or unsubstantiated by the Code of Advertising Standards Authority. The committee's draft report is still confidential.

If the draft report is ratified and if Flymo undertake not to repeat the claims, as Qualcast states, the question will remain whether Qualcast has gained anything material from complaining to CAP and having its complaints upheld.

The main buying season for lawnmowers, either hover or cylinder, is over and the particular Flymo campaign which included the two advertisements—"You should have bought a Flymo, George" and "The main problem with an ordinary mower sticks out a mile"—has ended.

Whatever advantage Flymo has gained by the campaign in the battle for supremacy between the two companies in the UK power lawnmower market is not retrievable by Qualcast through any CAP decision.

Flymo's sales and advertising campaign seems to have been successful so far this year. There is little, if any, agreement between makers in this very competitive market about respective shares. But Flymo claimed in March when advertising campaigns began that its electrical- and petrol-motored air-cushioned powermowers held around one-third and suggested that Qualcast's share was a little more. Black and Decker had about a 25 per cent share.

This year Qualcast and Flymo together have spent over £3m on their advertising campaigns and Flymo set its sights on a 5 percentage points increase in its share of the market this year.

So far this year Flymo has gone some way to achieving this target. Last night Mr Peter Bullock, managing director, said: "The Flymo share of the powered lawnmower market for the first half of 1981 was 6 percentage points higher than the same period in 1980 and we aim to push that still higher."

Flymo has also claimed that independent market research had established that in the first six months of this year Qualcast and Flymo were running neck and neck with 35 per cent each of powered lawnmower sales and with Black and Decker taking about 20 per cent of the market.

During the half year, the company also alleges, sales of air cushion mowers overtook sales of cylinder mowers for the first time, giving Flymo the biggest proportion of the powered mower market.

Flymo has by no means been alone in denigrating, or "knocking," a rival's product in advertising copy. Qualcast has knocked just as enthusiastically with such advertisements as: "Isn't it time you came down to earth" for its cylinder mowers.

Last year, Flymo complained bitterly but unsuccessfully to the CAP committee about Qualcast's "It's a lot less bovver than a hover" campaign.

According to Mr Bullock, the UK market for lawnmowers amounts to about 1¼m units a year, with handmowers accounting for only around 5 per cent. There is continued concentration on research and development to improve the powered product and marketing is highly competitive.

The consumer has certainly benefited from this competition so far with rival manufacturers quoting very keen prices. "There have been no complaints from consumers about our advertising," Flymo points out.

Birmid Qualcast is the only British-owned company in the industry. Flymo is a UK-based subsidiary of Electrolux of Sweden, and Black and Decker is U.S.-owned. They are all conscious of Japanese interest in the British market, although Honda has had little success so far with its petrol-powered mower.

Knocking copy or not, advertising in the lawnmower market will remain highly aggressive for some time to come. No manufacturer at present has time for the "soft sell" approach.

Mr Bullock said yesterday that Flymo would comment when the CAP committee finally publishes its ratified report on the two advertisements complained of. "But in the meantime we will continue our positive promotion and marketing."

UK NEWS—LIBERAL ASSEMBLY/POLITICS

Alliance election victory assured, Steel says

BY IVOR OWEN

David Steel: four great tasks for a radical reforming government.

PUBLIC DEMAND rather than political persuasion will carry the new Liberal-Social Democrat *alliance* to victory at the next election. Mr David Steel forecast yesterday.

"Go back to your constituencies and prepare for government," was his final confident message to the Liberal Assembly, which gave him a prolonged and ecstatic ovation such as no Liberal leader can have enjoyed since the days of Asquith and Lloyd George.

Mr Steel was composed and assured as he exerted the enhanced political authority bestowed on him by the decision to enter the *alliance* with the Social Democratics.

He maintained that the Liberal Party was now "more tested, more organised, more mature and more prepared for the final electoral breakthrough."

Mr Steel pointed to the evidence of the opinion polls, *the* Warrington by-election and the batch of local council election victories achieved by the Liberals on Thursday as sure signs of the strongly running public mood in favour of an alliance.

For the last few months, he said, there had been a "desperate pleading" to the Liberals and Social Democrats to get together.

Their message had been: "Get together for our sakes."

But the Liberal leader warned the 1,700 delegates that the task of putting the alliance together on the ground was not going to be easy.

"It will be immensely complicated. It will call for a high degree of vision, of trust and *of forbearance both by our party* and the SDP."

Amid cheers he confirmed that the Liberals would not be prepared to see the alliance used as a refuge for MPs and councillors deserting the Labour Party regardless of their past political record.

Addressing himself direct to the SDP leaders he urged: "As the ship of the Labour Party sinks, be careful, and be discriminating about who you let clamber on board.

"Ours is a ship on a voyage of adventure. Don't let it become a lifeboat for those whose only interests is saving their parliamentary or council skins."

These outspoken words to the SDP leaders reflected the anxieties of some Liberals who fear the alliance could be swamped by a new wave of Labour defectors.

Earlier, Mr Cyril Smith, MP for Rochdale, highlighted the concern felt by many leading *Liberals on this aspect of the* alliance by publicly appealing to Mr Steel to act as a leader and not as a dictator.

Mr Smith, who throughout the week has acted as the defender of Liberal independence, warned Mr Steel not to force the pace of the alliance.

Mr Steel, he said, should be satisfied with what he had achieved at the Assembly. eH should stop talking about mergers, and tell the SDP straight that the time must soon arrive when *they refused* to be a "political dustbin" for Labour candidates who could *not gain re-selection.*

eRsponding, Mr Steel told delegates: "I want to thank *you for the* very considerable trust you have shown me in what must at times have been a tortuous and anxious period.

"Now it is my turn to trust you as you proceed to give effect to our alliance throughout the country. And I do trust you to make a success of it."

Mr Steel looked to an alliance *Government to heal the* divisions in the nation and to promote racial harmony. But he warned that it would face a bleak economic and industrial inheritance.

The doctrinal fueds pursued by successive oCnservative and Labour governments would be ended. The task would be to *create conditions of maximum* efficiency and morale in the public sector and maximum profit in the private sector, and to see each as complementary, not rivals.

Mr Steel advocated selective public *investment as a means* of improving industrial efficiency and reducing unemployment, and castigated Mrs Thatcher for sacrificing the North Sea gas-gathering pipeline project on the altar of public sector borrowing requirement.

He demanded: "What economic madness has gripped the Treasury, that it uses the revenues of North Sea oil to pay people not to work, but is incapable of devising a scheme which would not only put many of those people into work but would bring a profitable return to the exchequer from one of the richest resources this country has ever possessed?

Mr Steel identified four great tasks which would await the next government:

- Industrial reconstruction—to get the factories, offices and workshops *humming* with activity again;
- Social reconstruction — to bring together a people divided against each other and restore a sense of the common good;
- *A new constitutional settlement*—which made democratic and open self-government its guiding principle;
- An international role which restored Britain's influence abroad and made the nationa a source of peace and prosperity in the world.

Mr Steel told the cheering *delegates: "These are the four* cornerstones of the great refromming government which I expect us to form with our Social Democratic allies."

He urged delegates to take account of the need to ensure that the alliance did not fail.

"When our alliance government takes office, it will represent *the last,* best hope for the British people," he said.

"Our fellow citizens don't dant another set of broken promises—followed by the usual search for scapegoats. They have seen enough of that from the Tory and Labour parties."

Election gains cheer delegates

By Our Lobby Correspondent

ASSEMBLY DELEGATES were cheered yesterday by news of the Liberals' latest election gains.

Loud applause greeted the announcement that in Thursday's council by-elections the party had gained four seats—two from Labour and two from the Conservatives. It also held two Liberal seats.

This means that since the local elections in May the Liberals have gained 34 seats. In the same period the SDP has *increased its* strength by nine, and Labour six. The Conservatives have lost 30 seats, while other parties have lost 19.

But not all the luck has been going the Liberals' way.

In a *by-election* in the Dickleborough ward of South Norfolk District Council, the Liberal candidate tied with the Tory with 314 votes.

The returning officer had come prepared with a pack of cards: the Tory drew a king, the Liberal an ace; but the returning officer ruled *that* aces were low, so the Tories held the seat.

There was no immediate decision by Liberal officials at Llandudno on whether to challenge what some Liberals were calling a card trick.

But Mr Richard Holme, outgoing party president, said: "This is a very dubious decision.

"It is obviously up to the returning officer and the candidates to decide in the event of a tie.

"But I was very surprised to hear of this incident. In the game the Liberal Party plays, aces are high."

The alliance failed to capture its first council seat in the West Midlands in a by-election in Wolverhampton.

Mrs Mel Chevannes, a nurse, held the Graiseley ward for Labour with an increased majority.

Mrs Chevannes, 37, won the seat with 1,887 votes, beating Mr Roger Steel, SDP, a 44-year-old social worker, into second place with 1,144 votes.

Mrs Kathleen Dass, Conservative, came last with 546

Meanwhile, the Liberals are optimistic that they will win the Croydon North-West parliamentary by-election where Mr Bill Pitt is standing as the Liberal candidate with SDP support.

A private poll, carried out two weeks ago by the Liberals *indicated that* the three main parties are running almost neck and neck, with Labour just ahead of the Liberals.

Pipeline criticism

THE ASSEMBLY approved an emergency motion condemning the Government's "complete disregard of the urgency of energy conservation as instanced by its refusal to provide finance and financial guarantees for the North Sea gas-gathering pipeline."

Williams says future not easy

By Richard Evans, Lobby Editor

MRS SHIRLEY WILLIAMS, joint leader of the Social Democratic Party, warned last *night that although* the alliance between the SDP and the Liberals was sealed "the future will not all be plain sailing."

In particular, the vote on the siting of Cruise missiles had shown that there were limits to Liberal leader David Steel's "remarkable capacity" to carry his party members, she said in Ealing, West London.

Another difficulty was that some Liberals still believed there could be a wholly disproportionate allocation of constituencies

"That is not on. In modern *marriages the partners share* equally," she declared.

Mrs Wiliams argued that the debate on defence must be conducted openly. There was confusion and concern, some of which was created by the hard-nosed and insensitive statements of U.S. Administration spokesmen.

"We need to remind Washington's critics, however, of the massive Soviet arms build-up, the invasion of Afghanistan, the threat to Poland.

"Disarmament is our objective but the road to it lies through tough negotiation, not through abdicating from the western alliance."

Pardoe says low growth 'civilised'

FINANCIAL TIMES REPORTER

A WARNING that unemployment *might* not be cured by conventional means and that Britain would have to be satisfied with a period of low growth was made by the former Liberal Parliamentary economics spokesman Mr John Pardoe yesterday.

Opening the Assembly debate on economic strategy, Mr Pardoe said unemployment for some would have to be turned into more leisure for all in future years, as a permanently workless section of society would increase social tensions.

"If by full employment you mean there will be paid work for every able-bodied person for eight hours a day, 42 hours a week, and 45 years of a life—that is not only impossible, it is damnable," he said.

The growth required to bring down unemployment was "plainly impossible in the foreseeable circumstances," and it was also impossible to promise to cure unemployment by conventional means.

"An acceptance of less growth or even of no growth may become a mark of a more civilised society," he said.

Mr Pardoe went on: "It is foolish and dishonest to offer a political prospectus which depends on the implementation of a fast rate of growth."

He attacked Labour's claim that growth was an overwhelming priority. "We certainly cannot conjure it up to order."

A future Liberal Government would have areas of growth such as transport, the telecommunications network, the rebuilding of sewerage systems and housing stock, and positive conservation of energy.

The motion moved by Mr Pardoe—and approved overwhelmingly—called on the Liberal Party to develop a coherent policy for economic, industrial and social development that did not depend on continued economic growth.

Thatcher letter attacked

By Ivor Owen

MR DENIS THATCHER was placed in the political firing line alongside his wife, the Prime Minister, at the Liberal Assembly in Llandudno yesterday.

An emergency resolution condemned his action in writing to Mr Nicholas Edwards, Welsh Secretary, on No. 10 notepaper criticising delays in arranging for a planning appeal.

The appeal concerned plans for a controversial housing development in Snowdonia submitted by a company for which Mr Thatcher acts as a consultant.

Mr Tony Lambert, from Caerphilly, who moved the motion, stressed he was not suggesting that Mr Thatcher had done anything illegal, nor was he alleging corruption.

But, to cheers from delegates, Mr Lambert contended *that it was "out of order" for* the Prime Minister's husband to write to one of her Ministers who, as this week's Cabinet reshuffle had shown, she could fire as well as hire.

It was not surprising that the Welsh Secretary's reaction had been to write a note telling his civil servants: "The explanation (for the delay) had better be good and quick—ie next week."

Statutory incomes policy backed

FINANCIAL TIMES REPORTER

ASSEMBLY delegates voted overwhelmingly to back a statutory incomes policy, but only in the last resort. Delegates in Llandudno supported a move calling for an expanded National Economic *Development Council to look at pay.* But they also agreed that there were occasions when a statutory incomes policy, "however unpalatable," should be implemented.

Mr. Richard Wainwright, Liberal economics spokesman, successfully urged delegates to support an amendment allowing for a statutory policy as a last resort, in addition to a motion stating that statutory policies or collective bargaining could not provide a lasting solution.

Mr. Wainwright appealed to them: "I hope the conference *will not suddenly,* in any kind of spasm, overturn that consistent policy I think by now is familiar to electors."

Liberal policy favoured a penalty being imposed on employers who broke the incomes policy and it was dishonest to describe that as anything but statutory, he said.

Any employer who broke the incomes policy would suffer a national insurance penalty as the price for doing so, he explained.

Mr Aubrey Jones, former chairman of the Prices and *Incomes Board, also* backed the amendment. "Keep up your sleeves the possibility of a sanction," he told delegates.

But Mr Jack Taylor, political officer of the Association of Liberal Trades Unionists, warned that a statutory incomes policy could not work.

LABOUR

Water workers' wag[e] claim will challenge pay restraint policy

BY PHILIP BASSETT, LABOUR STAFF

LEADERS of Britain's 32,000 water and sewerage manual workers will next week challenge the Government's hopes of restraining public sector pay rises by tabling an inflation-linked wage demand.

Negotiators for the industry's four manual unions will present this year's pay claim to the National Water Council on Wednesday.

Though the water industry, like other nationalised concerns, is not directly bound by the Government's 4 per cent pay provision, it was clear following the announcement earlier this week of the public service cash limits on pay that the Government hopes state industry settlements will be around the same figure.

In recent years the water deal has become one of the pacesetters for the rest of the public sector. Last year, after going to the brink of official strike action, a deal was finally struck at 12.3 per cent. This was more than double the Government's figure of 6 per cent for the cash limits covering large parts of the public sector.

The application of an extern[al] financing limit, of £435m [...] year, to the water authorit[ies] —even though it applies no[t] directly to capital requiremen[ts] than running costs—links neg[o]tiations more closely to the ca[se of] limited public services than [in] *the case of, for example,* BL.

Following a national deleg[ate] conference in Birmingham [on] *Tuesday of* water represe[nta]tives from the General a[nd] Municipal Workers' Uni[on] which drew up the GMW claim, an outline of the natio[nal] claim to be presented next we[ek] has already been sent to [the] NWC.

The three-part claim will se[ek] rises in basic rates of no [less] *than the prevailing rate of pr[ice]* inflation; further reductions [in] working time towards an ev[en]tual target of a 35-hour we[ek] and an increase in the holi[day] entitlement to six weeks.

Present basic rates ra[nge] from £71.70 to £78.70 a week [for] 39 hours. Holiday entitleme[nts] are between 19 and 24 d[ays] depending on length of serv[ice].

BL says claim for £20 a week more is 'unrealistic'

BY LORNE BARLING

BL MANAGEMENT yesterday said a £20 a week wage claim on behalf of 58,000 hourly paid workers was "so huge as to be unrealistic, taking into account the financial position of the company."

The claim, presented by unions representing workers at BL Cars, Land Rover, and Unipart, was accompanied by warnings that recent productivity improvements within BL may be jeopardised by a failure to halt the slide in real earnings.

Mr Grenville Hawley, national automotive secretary of the Transport and General Workers Union, said: "We should be claiming £40 a week to stand still in terms of real earnings."

There had been a 40 per cent cut in the BL workforce in the past three years, he said. Productivity improvements should be seen by the management in *terms of the workforce's* contribution.

If the company allowed overall pay to fall too far behind it would eventually be faced with even bigger claims, particularly when it returned to profitability.

Mr Geoff Armstrong, BL's director of employee relations, said that no decision on the management response to claim had been made. would be formulated in the[...] two weeks.

It was possible that BL w[...] not be able to offer any incre[ase]. The company's response [on] October 2 would include [pro]posals on improving the pre[sent] productivity arrangement.

"The claim does not fil[l us] *with* despondency, given [the] realism we have seen from [the] workforce over the past [...] years. But we *are disappoi[nted]* at its size," he said.

He paid tribute to the w[ork]force's contribution towards [the] recent "rebuilding" of [...] However, it would be irre[spon]sible to award pay increase[s on] the basis of possible profi[ts in] future years, he said.

"We have got a future [which] can be successful. But [it] requires us to take a sen[sible] approach to the question [of] wages. *We must get unit* [...] down and be fully comp[etitive] with the best in the world."

- Manual workers at Vaux[hall's] Luton plant yesterday [...] the company's 4 per ce[nt] offer as "derisory and insult[ing]." Four thousand of them v[oted] for a threat of strike ac[tion] unless the offer was improv[ed].

No rise in orders despite overtime, says BSC

BY OUR LABOUR EDITOR

THE British Steel Corporation yesterday denied rapidly that its request for more *overtime* working at its Ebbw Vale tinplate plant in South Wales meant there was an increase in orders.

Members of the Iron and Steel Trades Confederation at *the works have* refused to do any overtime work following the management's request for the men to put in an average four hours a week extra instead of one and a quarter hours.

The union is backing the men. Yesterday it said it could not recall another occasion on which overtime had been voluntarily given up.

The men say that the work should be given to unemployed school-leavers of whom there are 642 in Ebbw Vale, an area where unemployment is 20 [per] cent.

Mr John Foley, ISTC [divi]sional organiser, said that part of the works was un[der]manned and the *men* w[...] another crew.

But BSC insisted yeste[rday] that the works was "[...] manned to achieve outpu[t at] maximum capacity." The [...] for overtime in this ca[se is] apparently being blamed [on] poor performance or failu[re of] one machine.

Meanwhile, *BSC* yeste[rday] told union leaders that [the] overall state of the ind[ustry] continued to be serious. A[ban]donment of the North Sea [gas] gathering pipeline project [had] been a big disappointment [...] *the corporation was still* ho[...] a Channel link would be [...]

Walk-out hits Liverpool Corporation treasury

WORK IN the audit department of the Liverpool Corporation treasury was seriously affected yesterday when 250 white-collar members of the National and Local Government Officers Association town hall branch walked out.

They were supporting a colleague suspended for refusing to take instructions *from* a senior officer. The man acted in support of the 10-week strike by 400 Corporation typists, secretaries, and machine operators over an upgrading pay claim.

The employees are expected to report back for work on [Mon]day, when Liverpool City [Coun]cil will hold an emerg[ency] *session to discuss* the [dead]locked negotiations.

A mass meeting of the [...] branch *members* of the [...] has been called for Mo[nday] night in Liverpool, boxing [sta]dium to hear the *outcome*.

Unless a settlement [is] reached, an all-out stri[ke is] *expected* to be called in su[pport] of the clerical staff whose [stop]page is seriously dislocating [the] Corporation's *operations*.

Dundee shipyard protest

BY OUR LABOUR STAFF

WORKERS AT British Shipbuilders' Robb Caledon yard at Dundee began a sit-in last night in protest at the corporation's closure of the yard yesterday.

Shop stewards at the yard were hoping for widespread support for industrial action against the closure. Such action *had been* called by the shipyard negotiating committee of the Confederation of Shipbuilding and Engineering Unions.

The action will take the form of an immediate overtime ban, which could quickly [...] threat to the corporation['s] repair work. There will als[o be] a series of weekly one[-day] strikes at BS from Septe[mber] 28.

No formal contact bet[ween] the Confederation and BS [was] reported yesterday. But [the] Advisory, Conciliation and A[rbi]tration Service was in [...] touch with both sides, and [offi]cials are hopeful that a [...] meeting may be arranged [on] Monday or Tuesday.

UK NEWS

U.S. helicopter offset deal wins Britain contracts worth £20m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MORE THAN $37m (£20m) worth of contracts have been placed in the UK by Boeing Vertol of the U.S., as part of the offset agreement covering the purchase of 33 Boeing *Chinook helicopters for the* RAF.

The Chinook deal is worth more than £150m to Boeing Vertol. Under the offset agreement, Boeing Vertol is committed to placing more than $60m of sub-contract business in the UK over a ten-year period.

Boeing Vertol said that, so far, more than 150 companies have tendered for business worth over $85m, and the results had been "outstanding."

Of the $37m worth of business committed to date, the contracts *in many* cases have ensured that the recipient companies are in "an excellent position to compete for similar hardware, not only from Boeing but other aerospace customers around the world."

The contracts cover items of aviation equipment of all kinds, for inclusion in the Chinooks or to support its operation on the ground.

Among the companies winning offset business under the Chinook plan are Lucas Aerospace, British Hoxercraft Corporation, and Westland Helicopters. Boeing Vertol says they have all delievered quality products "on time, ahead of schedule and at competitive prices."

The offset programme, in Boeing Vertol's view, is thus working well, and has "provided the basis for an exchange of engineering and technological know-how."

BA sets dates for flights to end

BY MICHAEL DONNE

BRITISH AIRWAYS has *announced* dates for suspension of flights under its recent economy drive.

By *the end* of October, flights will cease on the routes between Heathrow and Zagreb, Belgrade, *Salonica and* Valencia; between Gatwick and Frankfurt; between Manchester and Prestwick and New York; Glasgow and Copenhagen; and on all the Boeing 707 cargo services.

From March 27 next year, the following services will be canceller—from Heathrow to Sofia, Bucharest and Luxembourg; Gatwick to Zurich and Dusseldorf; Birmingham to Brussels, Zurich and Milan; Prestwick to Canada and all the Boeing 747 freighter services, unless the Jumbo jet is sold earlier.

Other economy measures, such as the sale of property, are *also being pushed ahead.*

Moves on the sale of the Victoria Airways Terminal and on a property development involving part of the West London terminal will be made soon.

British Airways is also selling a site at Heathrow previously earmarked for a new Penta hotel.

The staff clubs at Ruislip and the Victoria Terminal will close no later than the end of the year.

The staff college at Burnham *is for sale,* and will close by the end of December and the College of Air Training at *Hamble will* shut no later than next August.

Some staff have already begun to apply for voluntary redundancy under the plan to get numbers down by 9,000 to *43,000* by next June. So far, British Airways is not disclosing the number of volunteers.

The airline is stressing that the special voluntary severance plan, whereby payments of upwards of half a year's pay are made, is open only until October 16.

If British Airways cannot get a reduction of 9,000 staff by voluntary means, it will resort to compulsory redundancies.

- The cost of providing VIP lounges at Heathrow and Gatwick Airports is being studied to see if it can be reduced.

Foreign Secretary, Lord Carrington, revealed this in a White Paper replying to criticisms of the cost by a Commons Select Committee on Foreign Affairs.

The Select Committee said in its report the cost of providing such facilities was £2,145 a day. While it was right that Britain should extend every courtesy to important visitors, there was a case for serious cost scrutiny.

Lord Carrington welcomed the committee's view and said a detailed study was being undertaken.

Crosfield plans move to Hertfordshire

Financial Times Reporter

CROSFIELD ELECTRONICS, part of the De La Rue group *is moving its headquarters* and factory from London to a new site in Hemel Hempstead, Hertfordshire, taking with *it* about 600 jobs.

Workers were told yesterday that the company, which produces scanner equipment for the printing industry, had to move because its present *site was inadequate.* The company said it expected to have some new jobs when the move was completed in mid-1983.

- Odhams is planning to cut its workforce at its Watford plant by nearly 20 per cent, leaving 370 jobs. The company has said that unless the unions agree to redundancies *and improvement in productivity* by the end of the year, the plant is threatened with closure.

Union officials had been warned that the plant will lose an estimated £5m in the next 12 months because of reduced workload.

- The managing director of an award winning factory was "heart broken" when she *anounced that her company* would have to close. Mrs Sheila Littler who has run Pepiware in Birkenhead for more than 10 years blamed the decision on "the recession and the rate of the pound against the dollar."

Her remaining 14 staff who make *ornamental* animals face the dole in a town with 11,857 jobless, 18.8 per cent of the *employable population.* Earlier this year the company won a Confederation of British Industry award for export.

CONTRACTS

£4m computer system for Great Universal Stores

Great Universal Stores has placed an order worth more than *£4m* with AMDAHL (UK) for the supply of five computer systems for its data centres at Worcester, Nottingham and Manchester.

★

The Ferranti microphone amplifier integrated circuit (I/C) has been selected for use in British Telecom's telephones (including the Ambassador telephones). Under a contract worth over *£1m, FERRANTI ELECTRONICS* is to supply the I/Cs to A. P. Besson for incorporation in the new linear electret microphone. This new microphone replaces the familiar carbon-type and is stated to offer much *improved speech quality* and long-term reliability for the user.

★

A store and shop unit are being built by the Newcastle office of WIMPEY CONSTRUCTION UK in Bedford Street, North Shields, Tyne and Wear, for Northern England Development Associates. The contract value is £690,000.

Construction of a unit for clinical pharmacology and organic chemistry work worth £571,000 is to be undertaken by the Bristol office *of Wimpey for* Roussel Laboratories of Swindon. To be built at Covingham, Swindon, the building will comprise laboratories, stores, meeting rooms, offices, treatment rooms, kitchen and toilets.

★

DATA TYPE TERMINALS has received an order in excess of *£245,000 for its Televideo 912* visual display unit with graphics board. The customer is Instrumental Colour Systems, which builds computer-based colour grading systems used by paint manufacturers, dyers, and printers to construct a formula for an individual colour.

★

UNICHEM has an order worth more than £200,000 to supply pharmacy computer systems to five London hospitals. The order from the Lambeth, Southwark and Lewisham Area Health Authority, is UniChem's largest single order for PRIDE computer systems. Hospitals involved are St Thomas's, Guys, Kings, Lewisham and Dulwich. Main function of the computer system is monitoring the cost and use of drugs.

★

Lummus Nederland BV has awarded TAYLOR INSTRUMENT, part of the Sybron Corporation, a contract to supply the instrumentation for the expansion of the Lindsey oil refinery at Killingholme, near Grimsby. *The order is worth* £192,000.

★

British Aerospace, Warton *Aerodrome,* has ordered a REDIFFUSION R800/70 distributed data processing system—contract value £103,000.

★

Design and engineering of two offshore slant drilling rigs for the *British* Gas Corporation's Morecambe field is to be undertaken by KCA ENGINEERING, part of the UK's KCA Drilling Group. Slant drilling has been chosen because it allows a large number of highly deviated *directional* wells to be drilled from a minimum number of platforms into widely dispersed oil and gas-bearing rock formations.

★

PAQUES, Saffron Walden, has been awarded a contract from the Agricultural Institute of Johnstown Castle Research Centre in Wexford, Ireland, for a Biopaq plant for the production of biogas.

★

Contracts worth £190,000 have been awarded to WEATHERMAKER EQUIPMENT, Wembley, for the supply of reciprocating chillers and air terminal diffusers for installation in two *new office buildings.* One is King William Street House in the City of London, the other is Doulton House, Lambeth, London on the Thames Embankment.

THE WEEK IN THE MARKETS

A heavy dose of bitter medicine

LONDON
ONLOOKER

...earied by constant rights ...s, the equity market was ...o condition to resist when ...Government pounced last ...day. Summoning the dis... market to the Bank of ...and for a dose of old... ...ioned castor oil—adminis... ...d by offering the Houses ...night money at a penal ...—the authorities signalled ...neral 2 per cent rise in ...est rates.

...e Financial Times 30-...e Index fell 38 points on ...week, finishing yesterday ...15.3; at nearly 7 per cent ...was the largest decline in ...ngle week since the last ...ing collapse five years ago. ...y sort of share was ...ged down—there was no ...ption for fashionable ...ors, no discrimination ...nst the highly borrowed.

...t the end of the week, bad ...s from Wall Street brought ...e panic sellers into the ...ket, and the biggest daily ...was Friday's 16.1 points. ...edged were somewhere ...r their four and a half year ... some yielding more than ...per cent. Like inter-bank ...ee-month rates in excess of ...per cent, this indicated a ...vous belief that the next ...e in rates would be upward.

...terling's fortunes as the ...k progressed gave little ...uragement. The trade-...ghted exchange rate index ...overed during the week by ...ething less than 0.5 per cent, ...ch was at least better than ...hing. But against the D-mark, ...ough sterling made up some ...und after Monday's initia... ...the slide continued.

...here is a nagging feeling ... the Government may not have finished with these matters yet.

GKN steadies

"Even if we only got a slight upturn in demand it would make such a difference to the numbers," says GKN's finance director, Mr Paddy Custis. But this week's interim statement from the giant engineering group made it clear that although business activity has stabilised, there are no indications of any early improvement from the current very depressed levels.

Meanwhile, the trading figures still look bleak. GKN has made a marginal profit of £6.4m in the six months to June, compared with a loss of £37.4m in the preceding half year and nearly £17m of that turnround was the result of lower redundancy costs.

Following a diabolical start to 1980, the group was more or less breaking even in the UK before interest costs during the second quarter. It should do better than that over the rest of the year, thanks almost entirely to enormous cuts in its overhead costs. The UK workforce is now just under 50,000 strong, compared with nearly 70,000 at the start of 1980, and short time working is currently confined to 4,000 people compared with up to 25,000 towards the end of last year.

The profits outlook is extremely uncertain, for with annual turnover approaching £2bn it would only take a very modest improvement in margins to transform the picture. For what it is worth, stockbrokers seem to be focussing on profits of £30m to £40m pre-tax this year, and roughly double that figure in 1982.

The dividend looks safe at last year's much reduced rate of 8p per share, even though it may not be covered by earnings. GKN is having to pay tax on its overseas profits, and the half year figures carry another £1m of extraordinary charges. There may be little scope for a higher pay out in the near future, for the group's borrowings are almost bound to increase further in 1981 and by the end of the year could represent something like 60 per cent of shareholders' funds. If the economy does finally start to recover during 1982, GKN may well start thinking about the need to ask its shareholders for some fresh equity finance.

The market capitalisation of the group is now roughly £270m, and the yield roughly 7 per cent. That would undoubtedly look cheap if one could be sure that a sustained economic upturn would get under way some time during the next 12 months. But given all today's uncertainties, the price looks high enough.

Airbus query

Exhilarating though the ride on British Aerospace shares has been since partial denationalisation last February, the market is now remembering that the group must plan a successful flight path over potentially hostile international economic and political territory in order to secure the medium-term future.

For the moment, all is well. The U.S. Marine Corps has won its argument for the modified Harrier, the AV8b, in a programme which will initially involve 400 aircraft and may perhaps run out at 600.

Profits this year as a whole looks set to beat the revised figure of £65m for 1980 with a useful amount to spare. Interim profits have grown by 44 per cent to £30.6m after a 20 per cent sales rise. The improvement in margins implicit in these figures is, however, mostly a factor of the interest accruing from the £100m offer for sale.

The important Jaguar and Tornado programmes have been stepped up but the question now is how far the debate over spending cuts in both the U.S. and the UK will impinge on military aircraft production, and whether the world airline crisis will harm significantly what has hitherto been a buoyant civil aviation market.

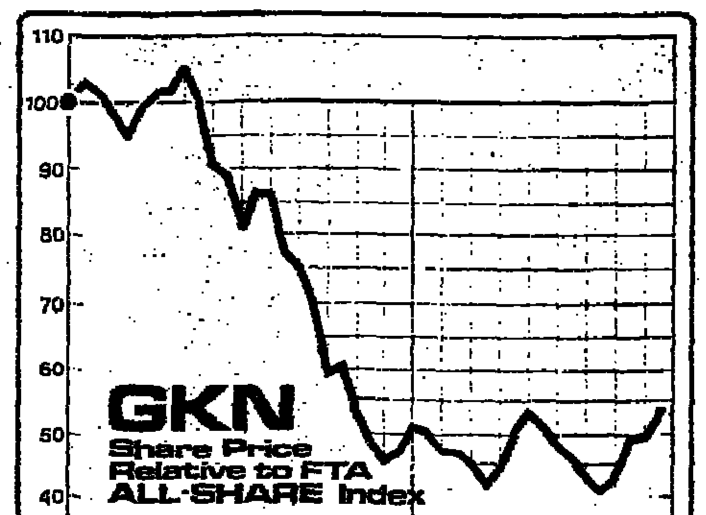
The group's BAe 146, a four engine jet, flew for the first time earlier this month. Along with the design and development costs of the second series aircraft for Airbus Industrie—the A310 — this project largely accounted for first half launch costs of £25.6m.

The acid test for BAe's civil programme in the current decade will be development of the third stage Airbus, the A320. The group has put a series of options to the Government which, at the top end, will require £600m and, at the bottom, means staying out of the development of the 150 — seater project altogether.

BAe is not asking for capital — it says it can find that from cash flow and from substantial tranches of privately raised debt — but it is asking the authorities to cover interest payments until the A320 starts to produce sales.

A decision on the A320 is expected in about three months and at some time in the not too distant future, BAe itself will have to decide what to do about the possible replacement for the Jaguar—the P110 strikefighter which the group has designed to an advanced stage. It may be that talks with Middle East governments will lead to some form of collaboration. The mooted £1.5bn development costs will certainly require a multi-national funding venture.

So for all the strength of its existing programmes and its trainer jet and missile systems orders, the shares have run into a nasty airpocket. Floated at 150p, they climbed to a peak of 251p subsequently but were progressively running out of altitude this week and closed at 193p yesterday, down 11p.



L & G's new ground

Legal and General Group broke new ground this week in the growing field of international insurance mergers. It is entering the U.S. life insurance market by acquiring an established life company Government Employees Life Insurance Company (GELICO) for US$140m (£75m). It is thus following the lead of other European insurance groups into the U.S. life market, an area that UK life companies have so far avoided in their expansion plans.

L and G is paying cash for GELICO and the two questions being asked by analysts are: is the price too high, and how will L and G raise the cash?

L and G is offering $30.75 per share and the shareholders equity of GELICO is $68m. Thus the offer is twice shareholders' equity and represents an exit p/e of 17. Life company shares sell on earnings multiples in the 6-8 range, but recent European buyers of U.S. life companies paid twice shareholders equity and gave an exit p/e around 15. In this respect L and G would appear to be paying the market rate for the acquisition.

L and G has not as yet stated how it intends to finance the operation, except that it will be using shareholders' money and not money from the life funds —the usual source of finance for life expansion. It could do this by borrowing, since its holding company is a non-insurance company. GELICO's net profits in 1980 were $8.4m and assuming the deal is financed by borrowings at 15 per cent, next year's likely profits for L and G shareholders could be cut by £4m to £36m by the cost of servicing the loan.

Shareholders have to look to the long term to justify this move. The immediate prospects are not too bright. The U.S. life insurance industry is going through a period of great difficulty and change as a result of the impact of high inflation and interest rates on the traditional range of conventional non-profit life contracts. GELICO's growth and profit record are not encouraging. If the general business of L & G expands rapidly, the market does not rule out the possibility of a rights issue at some future date.

Foseco skids

There is rarely an ideal moment to launch a rights issue but, coming as it did shortly after the big rise in interest rates, the call by Foseco Minsep to raise £24m during the week put the skids under the share price.

According to Datastream's calculation of the weekly share price performance of companies capitalised at over £20m, the metallurgical group was one of the third performers on the entire table with a 14 per cent drop.

But timing, rather than any intrinsic weakness of Foseco's earnings prospects, was to blame. The irony is that the unfortunate intervention of macro-economic forces served to show just how useful it is to be clearing short-term debt out of the ablance sheet.

The group reported a 21 per cent rise in interim profits to £11.39m pre-tax, which was close to outside estimates, but it also disclosed that debt had been rising a little too steeply. Foseco normally wants to keep total borrowings at about a tenth of equity funds, but the £40m acquisition of Unicorn Industries last year and one or two small subsequent purchases had helped to push gearing to over 40 per cent and the board candidly admitted that it was not too comfortable at this level.

Selling avalanche

NEW YORK
DAVID LASCELLES

FOR THE second week running, trading ground to a halt on the New York Stock Exchange on Wednesday. Last week it was the black-out. This week it was a false fire alarm. But there was nothing false about the alarm that swept through Wall Street and set off one of the heaviest selling avalanches of the year. The Dow Jones Industrial Average dropped like a stone, crashing through all those "resistance levels" that technicians claim to perceive. On Thursday night, after a particularly heavy drop of nearly 12 points, the Dow hit a new low for the year—its worst level since early June last year.

The size of the drop was something of a surprise, even given the much-publicised fears that have gripped Wall Street in the last fortnight about the Government deficit. The bond market, usually a sensitive barometer of what underlies Wall Street's more colourful emotions, was telling a different story. It was generally stronger, and the Prime Rate made its first major downward move in two months, albeit only from 20½ per cent to 20 per cent. But there were many forces at play.

The week started badly on news that the Reagan Administration had proposed to cut only $13bn out of its Defence Budget against the $30bn that is necessary to get Federal spending and revenues in balance. And worries about the deficit lurked in the background all week.

But Wall Street has also begun to re-examine the economic outlook and it seems to have concluded that things will get steadily worse, mainly because of the impact of high interest rates on demand. The outlook for profits is at best mixed, at worst dreadful. Although the third quarter may produce gains over the same period last year, the final quarter could well show some sharp declines. This week's news that housing starts, industrial production and capacity utilisation are all sharply down did nothing to lighten Wall Street's mood.

Mr Paul Volcker, the Fed chairman, also went before a Senate Committee to state quite bluntly that the Fed has no intention of easing off on the monetary front because the battle against inflation is far from over. Some analysts had claimed to detect signs of a Fed easing earlier in the week when short term interest rates came down, but Mr Volcker scotched this ray of hope. The decline, he indicated, had more to do with a drop in credit demand.

The market's technical position might also have accounted for the severity of the slump. Many investors went bargain-hunting when the market showed signs of stabilising last week. But they were forced to dump their positions when the slide resumed. A new round of margin calls reinforced the sell-off. Thursday's drop was particularly bad because it suggested there was no resistance at 850, the level that halted the market's fall earlier this month. Some analysts' "worst case" sees the Dow hitting 750.

From an investment standpoint, the "bottom line" of the decline is that it has done little to reduce the yield gap between stocks and bonds. The return on high grade corporate bonds is still half a dozen points higher than that on blue chip stocks. This week's modest rally in the bond market has narrowed the gap a bit.

Although trading was fairly light (it never topped 50m all week) the decline was quite broad. All the big industrials lost because of the darkening clouds over the economy. This includes many of the high technology stocks which could suffer from a downturn in investment outlays—now widely predicted. The oils have pulled back a lot since merger mania stoked them up in mid-summer. Forest Products proved specially vulnerable because of the glut in the wood and paper market as well as the collapse of the housing industry. (Many big forest companies have had their credit ratings cut in the last fortnight).

The slight improvement in the credit markets helped interest-sensitive stocks, like banks and utilities, though they still had trouble holding their own against the selling tide. Big "money centre" banks like Chase Manhattan and Citicorp were among the few gainers in Thursday's slide. There was also a crumb of comfort for the 3m people who hold shares in American Telephone and Telegraph. The giant utility reported a sharp rise in second quarter profits.

MONDAY	866.15	− 6.66
TUESDAY	858.35	− 7.80
WEDNESDAY	851.60	− 6.75
THURSDAY	840.09	−11.51

INDEX PERFORMANCE SINCE APRIL PEAK

	Y'day	change since Apr. 30	1981 High	1981 Low
Ind. Ord. Index	515.4	−81.9	597.3	446.0
...ed Breweries	71	− 6	79½	62
...C Int.	147	+ 2	162	101
...cham	199	+ 5	231	159
...e Circle	486	−10	524	326
...ots	217	−40	257	211
...water	222	−50	286	171
...	284	−83	415	278
...own (J.)	75	−26	101	54½
...bury Schweppes	87	− 7½	100½	66½
...rtaulds	58	−17	78	50
...tillers	190	−33	235	178
...nlop	71	− 6	87	57
...	722	+34	813	573
...co	382	+14	414	242
...nd Met.	175	−35	222	175

	Y'day	change since Apr. 30	1981 High	1981 Low
GKN	162	−23	188	127
Hawker Siddeley	310	−42	356	230
ICI	266	−60	330	226
Imperial Group	59	−13½	76	58
London Brick	73	− 8½	85	58
Lucas	218	−12	240	159
Marks & Spencer	124	−16	143	110
P&O Defd.	114	−49	163	110
Plessey	330	+ 8	401	255
Tate & Lyle	180	− 6	194	128
Thorn EMI	440	+33	503	282
Tube Invs.	126	−104	240	126
Turner & Newall	90	−23	118	70
UDS	71	−22	93	64
Vickers	147	−58	216	129
FTA All-Share	305.31	−26.79	338.64	278.20

A tale of contrasting fortunes

MINING
GEORGE MILLING-STANLEY

...S WEEK saw the publica... ...of some sharply contrasting ...lts from the two leading ...based mining finance ...ses, Consolidated Gold ...ds and Rio Tinto-Zinc.

...ons Gold produced a spark... ...profits performance for the ...ended June 30, on the back ...s gold interests, while RTZ ...unced a steep reduction in ...s for the six months to ...ame date.

...must be remembered that ... Gold's results covered a ...onth period in which the ...on price averaged $566 an ...e, and compared it with ...previous year in which gold ...aged around $498.

...Z, by contrast, was compar... ...he most recent six months, ...hich metal prices in general ...been relatively poor, with ...first six months of 1980 ... most metal markets were ...mely bouyant.

...was the worldwide reces... ...which caused the problems ...TZ, bringing about lower ...s and a fall in both the ...nd for, and the profit mar... ...on, most of the group's ...t.

...s first-half attributable ...s fell by almost half to ...or 18.58p a share, from ...or 35.67p a share in the ...nding period of 1980. ...nterim dividend is to be ...ained at 5½p a share. Last ...final was 10½p, to make ... of 16p from earnings of ...

...Anthony Tuke, chairman ..., said that most metal ...were well down on the first six months of 1980, with the exception of zinc.

The average London Metal Exchange price for copper was £818 a tonne, compared with £1,025 a tonne, a fall of 20 per cent, while gold, a by-product of copper at some RTZ operations, averaged $494 an ounce, a fall of around $100.

These declines combined to cut the contribution to group profits from the copper operations by about two-thirds.

Of the other major metals produced by RTZ, lead averaged £327 a tonne against an average of £434, a decline of 25 per cent, while silver's average price was down by about half.

Group sales were, however, a little higher in money terms at £1.54bn against £1.45bn. This improvement was due to the lower values for sterling used to translate the sales of overseas subsidiaries compared with the rates used last year.

Without this favourable factor, Sir Anthony said, total sales revenue would have been some 11 per cent lower.

RTZ's Australian arm, CRA, which usually accounts for around one-third of group profits, suffered a fall of about 80 per cent as a result of the lower prices and industrial disputes.

Kembla Coal and Coke was the only operation within CRA to report higher profits. Hamersley Iron was particularly badly affected, with iron ore shipments almost one-third below the previous comparable period, and labour problems adding considerably to costs.

In addition, exploration and development costs for CRA were significantly higher.

Many analysts are predicting a stronger performance in the second half, but RTZ does not necessarily go along with this.

Estimates of the timing of an upturn in worldwide economic activity are still being pushed further into the future, with little significant improvement in metal prices becoming apparent much before the beginning of next year.

All that Sir Anthony would say about the outlook was that although metal prices in sterling terms are now generally higher than in the first half of the year, the rises largely reflect the weakening of the pound.

"A sustained improvement in metal markets awaits general economic recovery," he added.

Cons Gold turned in full-year attributable profits of £114.3m, a rise of 27 per cent. Earnings went up to 66.4p from 59.2p after adjusting for last November's £181m rights issue, and the final dividend is a penny higher at 16p. This gives a total for the year of 24½p against an adjusted 22p last time.

The gold interests, comprising a stake in Gold Fields of South Africa which has recently been raised to 48 per cent, in addition to direct holdings in several major mines, contributed a total of £78.2m, up from £54.3m last time.

The group's chairman, Lord Erroll of Hale, explained that the higher average gold price during the 12 months enabled South Africa's mines to pay substantially higher dividends, despite increases in operating costs and reduction in the grade of ore treated.

A second major factor behind the improvement at Cons Gold was a big increase under the heading of "Interest receivable, realisation of investments etc." which jumped to £57.5m from £13.7m last time.

This included a profit of £23m on the sale in January of a stake in the Australian operation North Broken Hill to EZ Industries, higher interest on the rights issue proceeds and a gain of £11m on the realisation of forward contracts in the U.S. dollar entered into at the time of the issue. These contracts were made at an exchange rate of $2.41 to the pound.

As with RTZ, Australia caused problems for Cons Gold. The newly-formed Renison Goldfields Consolidated made a first-time contribution of £9.2m, and while differences in the accounting basis since the regrouping make it impossible to make accurate comparisons, the figure represents a fall of about £4.5m from the previous year.

The group's usual money-spiner, the Renison tin mine in Tasmania, suffered from lower tin prices and labour troubles, and turned in reduced profits in spite of a rise in output.

Falling prices also hit both the Mount Lyell copper mine and the beach sand minerals operations of Associated Minerals Consolidated.

Cons Gold will not necessarily be able to repeat its successful financial transactions in the current 12 months, and the group fears that the average gold price may fall, but there are some grounds for cautious optimism.

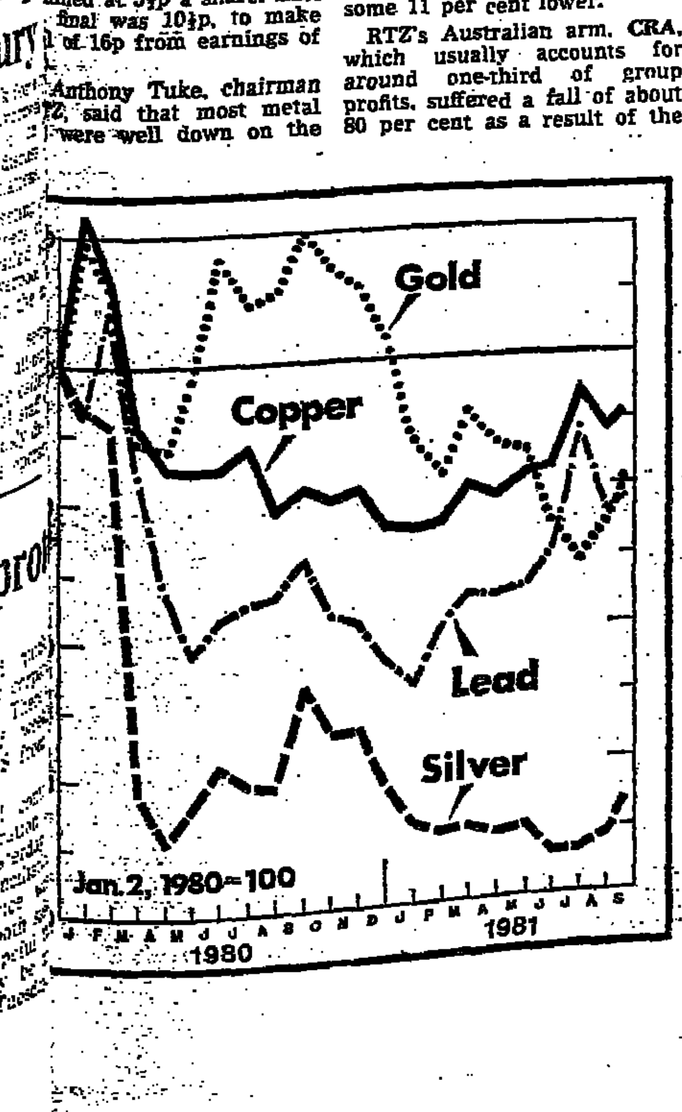
The construction materials division produced lower profits in the period under review, but this was largely attributable to redundancy payments and other closure costs at Amey Roadstone. ARC has emerged in a new slimmer version, and Cons Gold is hopeful that it is now in a position to take full advantage of any upturn in building activity.

The U.S. interests put up a good showing this time, especially the drilling rig manufacturing businesses of Skytop Brewster and Gefco and the scrap metal division, and the group is expecting further significant progress here.

Fears about the effects on Cons Gold of a lower average bullion price were borne out this week by a clutch of annual reports from South African gold mines within the group.

The chairmen of Venterspost, Libanon, Doornfontein and Kloof all warned that a reduction in dividends might be necessary.

The one bright spot was the statement from Mr Robin Plumridge, chairman of GFSA and of the new Driefontein "supermine." In the latter capacity, Mr Plumridge said that even if the gold price should show a further temporary decline, shareholders can rest assured that their company is not only the biggest gold mine in the world, but also the lowest-cost producer.



YOUR SAVINGS AND INVESTMENTS—1

A university students tax

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

I have covenanted £450 net per annum to my son at University and so far he has been able to claim back the whole of the tax. This summer he has been doing a vacation job which will bring him close to the taxfree personal allowance. What happens if his earnings and £450 plus £192 repaid tax exceed the limit? Does his local authority grant come into the matter?

If your son's earnings exceed £732.99 in 1981-82, he will not be able to recover the whole of the £192.86 tax which you will be deducting from his covenanted annuity (£642.86) during the year. However, he will only become effectively taxed at more than 100 per cent if his earnings reach the weekly NIC threshold of £27.

His grant is specifically exempt from tax.

Tax inspector's mistake

I retired ten years ago, and at that time I received two pensions from the firm, a public company which shortly afterwards went into voluntary liquidation. One pension was the result of monthly contributions over a period of years, and the other as a result of a three-year service contract as a director. The tax inspector has added the amount of these pensions to my other investment income, making me liable for higher tax rate of 15 per cent, above *the exempted amount of £5,500.* This seems highly inequitable to me; could you please say if the inspector is at fault, and if so how I should approach him on the matter.

All you have to do is to write to the inspector, saying you think he has made a mistake (as we are sure he has, from what you say). Your letter should be sent off within 30 days of the date of the assessment notice, if possible, and you should say that you wish to postpone payment of the whole of the tax demanded (since none will remain payable, when the pensions are excluded from the investment income assessed).

You should also ask the inspector for a copy of the free leaflet IR37 (Income tax and capital gains tax: appeals). If you have any difficulty in getting the assessment put right, you may like to come back to us, with more precise facts and figures.

Part disposal for CGT

In 1962 I purchased a debenture of a public British company in liquidation which had already *arranged for some of its assets* abroad to be purchased by the foreign Government by cash *payments each year over a* period of 20 years—that to be distributed to the debenture holders as received.

***In fact, they were received* very irregularly and the distributions were, therefore, only made irregularly—7 over the 20-year period. Nevertheless, the total received (including the last during this financial year) has been well above the purchase price of the debenture.**

Could you tell me whether (now the final distribution has been received and the total known) the excess over the 1962 purchase price is subject to Capital Gains Tax and on what basis it is assessed, ie is it related back to the years the distributions were received by me or whether the whole gain is assessed this year?

You should have reported the distributions in your tax returns, year by year, because each of them produced a chargeable gain (or possibly an allowable loss), under the CGT rules for part disposals. It is a pity you did not give us precise details, because we cannot really give you much help on the basis of the bare facts provided.

We recommend that you write to your tax inspector, giving him all the facts and explaining why you did not report the distributions in past years. If you cannot agree his calculations, you may like to come back to us.

Trusts, wills and executors

I refer to your reply under Will without an executor (April 25). In my case my aunt appointed three executors, one of whom takes no part in the administration of the estate, myself and another. I am concerned that if the last of these were to die, his son, as his executor, would become *co-executor of my aunt's estate* with me. The executors would become trustees of an educational trust. If one of the executors dies either before or after the trusts are set up would it be necessary to appoint another and if so, who would make the appointment?

It is not correct that your co-executor's son would replace him if he were to die. It is only the executor of a sole (surviving) executor who does so. If you co-executor dies you will be the sole executor. No further executor need be appointed, or can be if the third named executor has died or renounces. However, once the trusts are set up and trustees appointed (even if they are the same as the executors) a surviving trustee can (and should) appoint at least one new trustee to act with him. It is for the surviving trustee to choose the replacement.

Double capital gains tax

My wife and I own the house in which we live. We have a *small family company which* owns the two houses next door, the capital of which is divided into 100 shares, my wife and I each having 16, our three children 22 each and 2 are unallotted. The two houses are let as flats.

We have joined the three houses together in such a way tht they are unlikely to be purchased except as a whole by a developer. There would be no CGT on our own house, but the other two would attract corporation tax equivalent to CGT and then income tax on any distribution, either by way of dividend or if we put the company into liquidation, in effect paying tax twice on the sale price less the original cost. The net effect would be to give my wife and myself from the total proceeds hardly enough to buy another house of our choice, despite us now owning quite a valuable block of property.

One way to avoid excessive tax would be to sell to a public company, which could pay us partly in its shares. This would diminish the tax, but we could dispose of the shares over a period, using the annual CGT exemptions, but this would take too long, as we need the money to buy a new house.

It has been suggested to me by a friend that we could before a sale put the company into liquidation and distribute the proceeds in specie, ie give each of the shareholders "part" of the deeds of the two company houses. Could you please comment on this; it seems unworkable to me.

Could you please suggest any way in which we could effect a sale of the three houses and limit the tax burden. The company does not own anything else. I might personally qualify for some relief due to age but whether I would qualify as a "full time working director" is doubtful.

Unfortunately, we can offer you no prospect of relief from the notorious double capital-gains charge on property held through a close company. The proposal that the property be distrbuted in specie by the liquidator is quite workable, but the company would still be charged to corporation tax as though it had sold the property at market value on the day of the distribution and each shareholder would have a CGT liability upon that same day (as though he or she had disposed of his or her shareholding for cash, equal to the market value of the interest in the property).

Since the company does not carry on a trade (but merely holds property as an investment), there is no possibility of the so-called retirement relief from CGT.

Your best source of advice on mitigating the prospective CT and CGT burden would be the company's accountants, since they know the background facts, presumably, as well as the law.

Back-dating of rates

With reference to our reply under back-dating of rates (July 11) our attention has been drawn to a point of difference in the operational date of an amendment in the rate charge consequent upon an alteration in value. In the case of the former the date is that on which the proposal was made, i.e. presumably the date of the proposal. For general rates, the operative date is either the beginning of the rate period current when the proposal is served, or the completion or occupation of the building concerned.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

After the interest rates shock, FT writers review the outlook for financial markets

Why the lady changed her mind . . .

FINANCIAL MARKETS were taken by surprise this week when the Government unexpectedly moved to increase the level of interest rates. With all (or nearly all) eyes glued on Monday on 10 Downing Street, the Bank of England quietly upped the price at which it was prepared to supply money to the discount houses and set in train a chain of events which at this stage is by no means complete.

The clearing banks quickly altered their key base rates (on Wednesday) but important decisions about the cost of mortgages and a whole host of other rates have yet to be taken.

Investors can be excused for feeling a little bemused by recent financial history. The cautious optimism of the beginning of the year—boosted by the cut in the now abandoned Minimum Lending Rate (MLR) at the time of the Budget—gave way during the summer to an uneasy feeling that the next move in interest rates might well have to be up.

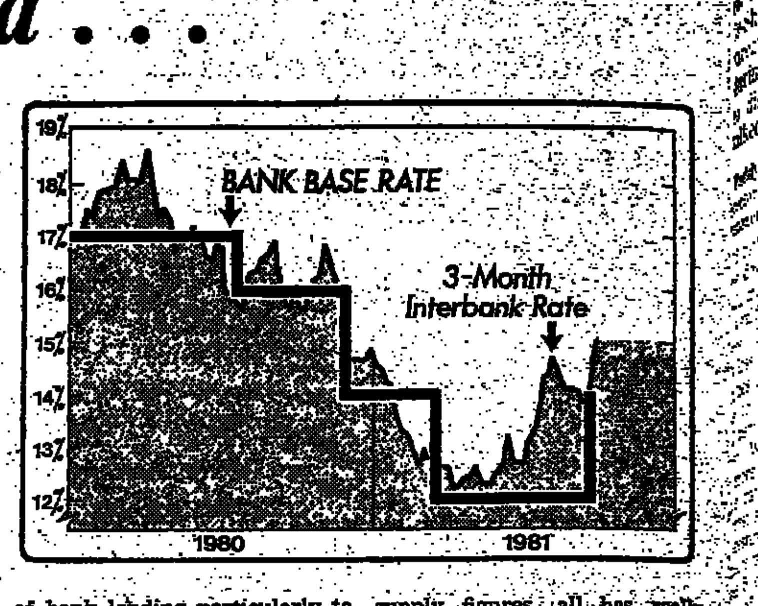
Money market rates, indeed, were higher in July and the early part of August than they have been more recently giving cause for speculation at the time that clearing banks would have to raise their base rates—the yardstick to which all their lending is geared.

Conscious of the political and economic consequences of allowing rates to go up again, the Bank of England in the last few weeks has kept the money markets well supplied with "cheap" short term funds by buying generous quantities of commercial bills from the discount houses. On Monday, however, the old lady suddenly changed her mind.

The reasons for such an important move can be best understood under a number of inter-related headings.

Inflation. Getting the retail prices index back to low single figures has always been the Government's overriding policy aim. At the start of 1981 most analysts were predicting that high single figure inflation on a 12 month basis would be achieved by the end of the year. After the decline in the pound, however, this time horizon has been put back into 1982.

Sterling. Persistently high U.S. interest rates—U.S. primes have doggedly refused to fall back much below 20 per cent—have put heavy pressure on the UK currency in the last year or so. From $2.44 in October 1980, the pound reached a low against the dollar on Monday of $1.766. More recently sterling has weakened against continental currencies—from an average of DM 4.79 in May, for example, to DM 4.18 on Monday (and again on Thursday). It is widely acknowledged that the strength of the pound in 1980 was largely responsible for the steady downward direction of the RPI.



But though a weak currency is good news for exporters and industrial profits, it helps only to encourage inflation. As a rough guide, City experts reckon that a 10 per cent average slide in sterling adds a couple of points to the RPI nine to 12 months later. This week's measures should therefore be seen primarily as protecting the pound — the pounding taken by equities and the reletively quiet response of gilt-edged suggest that this is how the markets see it.

Bank lending. While external factors now seem to take top priority the Government is still worried by "the rapid expansion of bank lending particularly to the personal sector and the obscurity surrounding the money figures as a result of the Civil Servants' strike." According to the Bank the rise in interest rates is therefore "also in line with the cautious conduct of domestic monetary policy." Publicly at least the Bank maintained over the summer that behind the almost wholly incomprehensible money supply figures, all has really been in order on the monetary front. Now the authorities are concerned that contrary to their hopes lending to individuals (witness the big mortgage push and also the banks' bombardment of the public with other credit schemes) and companies is continuing to grow at a merry pace.

Tim Dickson

A time for strong nerves

CURRENCIES

JEREMY STONE

NERVOUS FEELINGS about the money supply may have played their part, but the main reason for the rise in interest rates last Monday was the Government's determination to stop the pound from slipping any further downhill.

As the table shows, the slide in the last three months has been rapid, not just against the dollar but other major currencies too. It also shows that investors with sufficient foresight would have ben able to make substantial profits by the simple expedient of switching their bank deposits from sterling into foreign currency.

The most handsome returns over the last three months have fallen to those with the strongest nerves. The French franc is by no means a robust currency, but the extremely high interest rates obtainable on franc deposits have boosted the modest exchange rate gain. Even though the French authorities have been trying to maintain their currency in the early months of a new socialist government, it is indicative of sterling's weakness that—on pure currency grounds—the Franc was a better investment. The overall 62 per cent return certainly compares very well with the equivalent 12.1 per cent gross yield on a building society deposit.

HOW FOREIGN CURRENCY DEPOSITS HAVE FARED

	U.S.$	DM	SwFr	FFr	Yen
3 month deposit rate on June 17 (% per annum)	15¼	10¼	7⅞	20¾	3¾
£ exchange rate on June 17 (indicative rates)	1.99	4.69	4.08	11.11	440
£ exchange rate on September 17	1.84	4.225	3.63	10.13	413
Value of (£) on September 17 of £1,000 invested on June 17	1,124	1,139	1,146	1,155	1,076
Overall annualised rate of return (%) June 17-Sept. 17	49.7	55.6	58.4	62	30.4
3 month deposit rate on Sept. 17 (% per annum)	15¼	9⅞	8¼	20	4

Source: NatWest

The Government's intervention may make some people wonder whether it is now time to buy sterling again. That was certainly the idea behind it. And if sterling is to be supported by a progression of interest-rate jumps, the rising yield on sterling deposits could start to outweigh any possible exchange losses.

For the moment, that is not an argument which convinces many foreign exchange dealers. "You can buy almost anything, and do better than if you held sterling" said a dealer at one of the leading merchant banks. His position is that sterling is still fundamentally overvalued against the stronger European currencies — Swiss franc, Deutsche Mark, the Dutch guilder—and will carry on downhill against them.

Although the total return on dollar deposits this year has so far been extremely good (see table) it cannot new be regarded as a sure thing. It may still be worth holding money on dollar deposits for the interest yield; the highest total return is often gained by holding weak currencies—notably the Italian Lira—at high interest rates.

Anybody who doubts the validity of arguments based on the assumption that currencies have a fundamental value, which their exchange rates may fail to reflect, can still take heart. A leading analyst of market-price charts, Mr Brian Marber, believes sterling is going to go on falling.

He reckons that the path of the pound against the Deutsche Mark has a shape which makes it probable that "in due course" sterling will fall to DM 4.05. He has put his own money where his mouth is, he says.

Wait before buying

THIS WEEK'S move to higher interest rates should mean better opportunities for the older investor to buy annuities. But the message is to wait a while before buying. Annuity rates have not yet moved in line with interest rates.

It is true that, in general, higher interest rates mean higher annuity levels, since life company actuaries relate their annuity calculations to interest rates over the medium term—seven to 10 years. But actuaries do not react immediately to interest rate changes. They sensibly wait until the market has settled down before making their revision of rates.

This provides a stable market which is to the long term advantage of investers in that they can take a little time to make up their minds.

Interest rates have fluctuated over the past few months. But annuity rates have remained remarkably steady, according to Planned Savings Rate Guide which monitors annuity rates weekly. So far this week only one company, London Life, has stated that it is lifting its rates following the interest rate change: as from Monday by around £4 per £1,000 invested.

But the annuity market is much more competitive than it was even a decade ago with certain life companies eager for business. These companies react quickly to major changes in interest rates in order to remain competitive. So now that London Life has moved one can expect other companies to follow quickly with higher rates over the next couple of weeks.

The table shows the current best buys in the annuity market, including London Life's new rates from Monday.

Eric Short

ANNUITY BOUGHT BY AN INVESTMENT OF £10,000

Man aged 65 Company	Annuity £	Woman aged 60 Company	Annuity £
Abbey Life	1,881	London Life	1,620
London Life	1,873	Equitable Life	1,607
Equitable Life	1,837	Abbey Life	1,603
NEL	1,837	Scottish Mutual	1,602
Royal	1,830	Standard Life	1,598

Source: Planned Savings—Rate Guide

The taxman calls time on income bonds —so hurry while stocks last

THE Guaranteed Income Bond (Gib) game is almost over.

The bonanza for life companies marketing Gibs and for savers investing in them—it has lasted on and off for about a decade—looks like ending next Friday—following a surprise move this week by the taxman.

Life companies selling Gibs received on Thursday a letter from the Inland Revenue telling them that as from next Saturday the life policies used in the bonds would no longer qualify for the tax credit given on regular savings life assurance contracts.

This is the death blow to Gibs which rely on the tax credit to boost the return several points above that obtainable on other types of short term investment as well as to provide a good profit for the life company. Without this boost the differential in yields is small and the profit margin to the life companies low.

Investors thus have five shopping days left to take advantage of what has proved to be a best seller over the years. Liberty Life's latest four-year Gib has sold £15m in under three months.

GIBs have mushroomed on the back of tax relief granted on regular savings life assurance contracts which fulfil certain legal requirements, the chief one being that the minimum term of the contract is 10 years.

Companies, however, have devised schemes so that the tax relief can be used for much shorter investment periods, the latest version from certain life companies offering up to 16 per cent net of basic rate tax over one year.

This game has been carried on for around a decade with life companies devising short term GIBs utilising the tax relief and the Revenue endevouring to stop them by legislation. Each time the life companies in this field have found their way round the successiv legislation. All previous predictions of the end of GIBs have proved unfounded. But not this time.t

The Revenue has gone for the jugular vein in its latest move, cutting off the source of power which bosts these schemes. The one central theme of all GIB plans is the qualifying life policy with its tax credit. No amount of sophisticated planning can overcome this deficiency and the life companies by and large seem to accept the position.

Why has the Revenue not taken this action before? It would appear that the recent Ramsey decision has sent the adrenalin coursing through its veins in its clamp down of tax avoidance schemes. For in the the decision the House of Lords ruled that the scheme designed to avoid Capital Gains Tax was against the spirit of the relevant legislation.

Now the Revenue is clamping down on schemes that break the spirit of the law and this week's letter told life companies that the present form of GIBs with terms less than ten years were doing just this. The spirit is that tax credit is to be given only to the saver willing to invest for at least ten years.

Before Ramsey, the Revenue was not certain that it had the power to revoke the granting of tax qualification on life policies. Now it is confident that it has. One company Albany Life, is prepared to dispute this, at least as far as asking for an explanation and justification from the Revenue.

Albany is not going to find much support for direct action. The Linked Life Assurance Group, to which most of these companies belong is likely to seek talks with the Revenue to persuade it to change its mind but this is a passive course of action not likely to achieve much after the event.

The Life Offices Association —which has officially deplored GIBs—gives the impression that it is pleased that the "upstart" companies have at last got their comeuppance. It is not even contemplating discussing the position with the Revenue. This is a pity because no one in this game has given a thought for the investor.

For it is not the tycoon's of this world who have profited from GIBs but the small investor on a low income. Tax credit is only available up to £1,500 (or one-sixth of income if greater) and this restricts the amount that can be invested. The Revenue is therefore hitting the small investor. *John McKirdy*, head of Noble Lowndes life division said that 90 per cent of his bondholders were pensioners investing their savings to obtain the highest secure yield.

Maybe the British Insurance Brokers' Association will support the cause of the small investor. John McKirdy, as chairman of BIBA's life committee, accept that the Revenue was justified in ending short term bonds of less than four years which are artificially put together. BIBA indeed has discouraged its members from marketing such "fringe" products.

On the other hand, Mr McKirdy deplores the Revenue also ending bonds of four or more years that were not artificially constructed and which had a genuine investment purpose.

It seems that the position is now fait accompli and all that is left is for investors to take this opportunity while it remains. And they should not leave it to the last minute. To be sure of avoiding the guillotine, the life company must have sent out its acceptance letter and be on risk to pay the death cover by Friday night. So check the proposal form, enclose the cheque with it, and send by first class post.

The table shows the best buys for the basic rate taxpayer.

Eric Short

YIELDS, NET OF BASIC RATE TAX, ON GUARANTEED INCOME BONDS

Company	Yield %
One Year	
Prop. Equity & Life	16.0
Providence Capitol	16.0
Transinternational	15.5
Albany Life	14.0
Four Years	% (a)
Target Life	13.3—15.0
Trident Life	13.0—15.0
Cannon	12.5—14.0
Liberty Life	13.0
Lloyd's Life	13.0
Five Years	
M & G	11.5

(a) Rates increase with age.
Source: Planned Savings—Rate Guide

UNIT TRUSTS AND INSURANCE OFFERS

	Page
Britannia Financial Services Limited	5
Gartmore Fund Managers Limited	15

YOUR SAVINGS AND INVESTMENTS-2

THE STOCK MARKET'S reaction to the jump in interest rates was inevitably downwards. The FT 30-Share index, which earlier in the year was threatening to pass 600 for the first time, slipped during the week from 553 to 515. In an attempt to discover where the market is going next, we talked to a number of investment managers.

Jeremy Stone talks to the investment managers

Where will the stock market go from here?

Paddy Linaker, managing director M and G Investment Management:

I'd rather interest rates had come down, but the difference it will make is so marginal that it wouldn't affect my judgments. It has become marginally less attractive to hold UK equities and managers who are able to invest more overseas will perhaps be encouraged to do so. We have probably put a bit more money into gilt-edged since rates have moved; fixed interest stocks are a little more interesting. The main opportunities may come if the market takes 5 or 10 per cent off the value of a company which you know to be sound (over a one or two year span). Then it might be worth buying some of the shares.

We are all a bit bemused; 15 investment managers here have 15 slightly different views. We cannot bring ourselves to be too gloomy about UK equities; there's a profits recovery coming next year even if demand stays flat. But it is not easy, being a fund manager.

Trevor Pullen, Prudential Assurance:

We are treating this as a relatively short term hiccup and assuming that there are no more rises in the pipeline. In that case the market will not slide backwards for too long. it was looking a bit tired by the end of August anyway, after too many rights issues and some reaction was about due. We'll be looking for cash-rich companies and those with good inflation-adjusted profits, buying selectively ahead of a rise which could start around November. In the longer run, the cynical would say that a 1984 election probably guarantees some kind of recovery in 1983, justifying investment in equities, but the reverse yield gap (the gap between the yields on equities and the—much higher—yields on gilt edged) is daunting.

Tony Watson, head of equity research for Touche Remnant:

The short-term consequence are certainly negative; hopes that the FT-Actuaries All-Share index might reach new peaks will have to be deferred. There are three hurdles to be jumped before the market can go full-ahead; U.S. interest rates will have to come down, UK interest rates likewise, and company profits will have to put on a spurt. The first two hurdles have now been made that much higher; it no longer seems—as some people thought—that the Government intended to reflate under cover of the civil servants' strike.

When interest rates went up we were almost unanimous on the need to hold a smaller proportion of equities. We still have more than one-third of our funds in UK equities, but a few per cent have been knocked off this week. We were not quite so unanimous over what to do with the freed funds: some has gone into gilts, some into overseas equities.

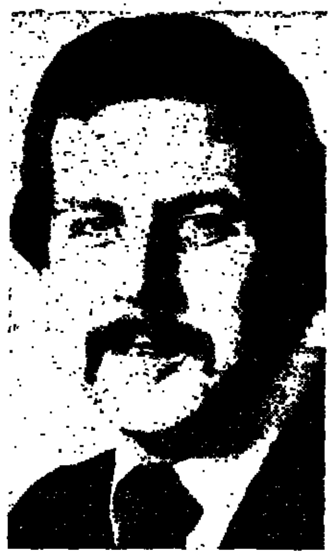
David Williams, Murray Johnstone's director responsible for UK equity investment:

There is a temptation at the moment for funds to do absolutely nothing, because it is not clear what economic policy the government is pursuing. If this is just another twist in the monetary control policy there is no real damage done. It is a stock-picker's market, but UK manufacturing shares remain attractive. But if we are moving over to a policy of raising the interest rate whenever sterling starts to fall, UK equities start to make less sense. Another rise in interest rates, and all the bets—on next year's recovery—are off.

Derek Malcolm, chief investment manager of Royal Insurance:

This must make equities somewhat suspect in the short run. The direct effect of comparing share-yields with those on gilts had to depress equities. Indirectly, analysts will all be looking at the effect of adding two points to a company's interest bill; we are looking very hard at heavily-borrowed companies. It is worth noticing that nobody bothers to do the same with cash-rich companies like GEC. There will be pressure on cash-hungry rapidly growing companies, and that will bring even more rights issues. However, they will do more for the growth areas of the economy than most of those we have had recently.

Mr Paddy Linaker



Mr Trevor Pullen

A waiting game with gilts

DURING THE sterling slide of the last few months, gilt-edged stocks have been falling to levels not seen since soon after the IMF came to the rescue of Mr Healey five years ago. The chart shows that the FT Government Securities Index index has fallen by nearly 12 per cent from its 1981 high of 70.61, reached just after the Budget in March.

The main downward pressure on gilts this year has been exerted by the monetary authorities in the U.S. Their attempts to control the money supply have—it almost goes without saying—been bigger and tougher than our own.

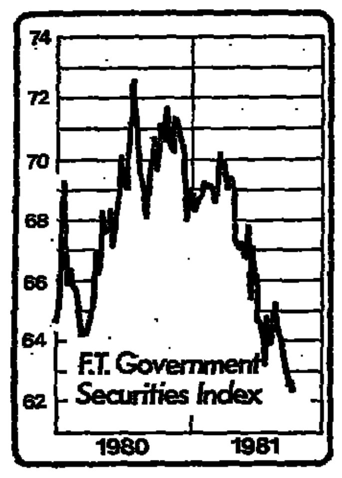
Gilts were depressed last year when Minimum Lending Rate in the UK was held at 17 per cent for months on end. The effect of stratospheric U.S. prime rates, maintained at more than 20 per cent for long periods this year, has been much the same, it has forced UK interest rates higher when fulfilment of the Chancellor's Budget strategy would have required that they fall. This week's signal from the Bank of England only intensified a trend which has been apparent in the markets for months.

If anything is clear, it is that this is not a good time to sell gilts. The very high yields—over 16 per cent on many stocks this week—might normally be taken as an indication that this was a time to buy.

In fact, stockbrokers are advising their clients to wait and see what the Government decides to do about funding its borrowings. Discount houses, which at times this year have held large amounts of gilt-edged just for the high running yield, are now liquid—waiting for an indication from the Government Broker as to the type of stock he wants to sell.

Mr Peter Chappell — a gilts specialist at stockbrokers Sheppards and Chase — says short-term rates could yet "kick up a bit more." So it is worth waiting until they seem to have stabilised before actually buying. He feels "rather twitchy" about low coupon stocks; they already look expensive and if individuals are allowed to buy future index-linked stocks on a favourable tax basis, low-fixed-coupon stocks will be hit very hard.

The best vehicle for private investors, when the time comes to buy, may be high-coupon, long-dated stocks. Mr Chappell cites the 13¼ per cent 1994, the 15¼ of 1996, and the 15½ of 1998. He also sounded a cautionary note; although the return will no more than match inflation, he advises clients to have some involvement in index-linked savings certificates, just for insurance purposes.



A practical thought comes from Mr Michael Lawrence of Allen Harvey and Ross. "Prices have fallen so far that I am happy to stay out of the gilts market until I see a bit of blue sky. It should not be too difficult to get back into the market if it starts to rise, and considering that the gilts index has fallen about 10 points, it is worth letting it rise a point or so before piling in again."

J.S.

Deposits—it's all change again

AS HAPPENED when changes were made in the now historic Minimum Lending Rate (MLR), it takes time for the dust to settle.

Banks' seven-day deposit rates invariably rose following this week's 2-point rise in the key clearing bank base rates—though Midland is now out of line having held its increase for the moment to 11 per cent.

Elsewhere the outlook is confused. Although building societies have apparently been left behind, it is interesting to note that they do not in fact look wildly out of line with the banks. Their ordinary share rate, for example, is still a more attractive alternative than a 7-day notice account at the banks; a 5 year term share is better value than a 5 year Lloyds Option Deposit (where the rate moved up a couple of points this week); and even if National Westminster moved its investment account rates in sympathy with base rates, the short term schemes currently being promoted heavily by the building societies (such as the Halifax Xtra Account) would still be able to look them in the face.

Banks undoubtedly score where larger sums are concerned—and this is what really matters to the building society tacticians—but once the societies move to push up their rates they should regain their edge.

The moral of the tale is that while the banks have been making a great deal of noise about their savings schemes, they are perhaps relying more on customer loyalty than juicy rates of interest to ensure their success.

VARIABLE INTEREST RATES	Nil	Return (%) after tax at 30%	45%	60%
BANKS				
7-day deposit	11.5*	8.05	6.33	4.6
NatWest Investment Account—3 months	11.5	8.05	6.33	4.6
—6 months	12	8.4	6.6	4.8
Lloyds Option Deposits—2 years	13	9.1	7.15	5.2
—5 years	14	9.8	7.7	5.6
BUILDING SOCIETIES				
Ordinary Share rate	8.5	8.5	6.68	4.86
1-6 months' notice	9.5	9.5	7.46	5.43
5-year term	10.5	10.5	8.25	6.0
NATIONAL SAVINGS				
Investment Account	13	9.1	7.15	5.2
Index-linked certificate†	†	†	†	†
MONEY FUNDS				
Simco Call	13.89	9.72	7.64	5.56
Tyndall Demand	13.85	9.7	7.62	5.54
FIXED RATES				
BANKS				
Barclays Investment Accounts—1, 3, and 6 months	13.5	9.45	7.43	5.4
LOCAL AUTHORITIES				
Yearling Bond	14.75	10.33	8.11	5.9
1 year	13.25	9.28	7.29	5.3
4-5 years	14	9.8	7.7	5.6
NATIONAL SAVINGS				
5-year Certificates (21st Issue)	9.02	9.02	9.02	9.02
GILTS				
Treasury 3% 1986‡	11.89	10.59	9.95	9.32
Treasury 12% 1987‡	15.28	11.45	9.53	7.61

* Midland 11.0 † Depends on inflation ‡ Source: W. Greenwell

The fixed rate local authority bonds (one to five years)—usually a minimum of £500-£1,000 is required—have yet to catch up with what has been happening and local authority treasurers will no doubt wait a few days to see how the market settles down. Better offers, however, should be available soon.

Following the somewhat disappointing initial response to the "people's bond"—£40m of index linked certificates were bought in the week that "grannies" first became available to us all—the Treasury will be keeping a close eye on developments. The net intake of National Savings has slowed down considerably in the last couple of months and an increase in the rate on the investment account may be needed to get the money flowing in again.

Investors who want to get closest on a day to day basis to what is available in the wholesale money markets might be interested in one of the money funds in the table. This week United Dominions Trust (now part of the TSB Group) announced that it is closing its popular average rate deposit scheme to new customers. The minimum deposit in the Tyndall fund is £2,500 and £25,000 in the Simco call fund. Simco, however, has a seven-day fund (yesterday's rate was 12.96 per cent) where investors with a minimum of £1,000 are welcome.

T.D.

Home loans—the betting is 1-2%

TIGHTEN YOUR belts for an increase soon in the cost of home loans. Wednesday's 2 percentage point jump in bank base rates means that building societies will shortly be forced to raise the interest paid to depositors and at the same time to push up their mortgage rates by the same amount. Having started the ball rolling (though they understandably lay the blame at the Government's door), the banks will almost certainly follow societies on the mortgage front.

The size of the seemingly inevitable increase in the mortgage rate, which will probably be decided at the Building Societies' Association's next meeting on October 9 is not yet certain. As always the societies will have to balance their different obligations to borrowers and savers plus take into account the demand for new mortgages. The net inflow of funds was already under pressure before this week's events but by dipping into their liquidity the societies still managed to lend more than £1bn to house buyers during August.

There are certainly some within the BSA anxious to ease the pain for borrowers—public statements from some chief executives this week suggest that there are those who think the movement could even cope without doing anything—but at this stage the betting is probably on a 1-2 per centage point rise in the recommended rate. As a rule of thumb each percentage point increase in the mortgage rate adds another £15 gross for each £10,000 borrowed to the monthly repayment total—someone with a £25,000 loan may therefore soon have to stump up an extra £75.

A fascinating game of cat and mouse, is developing between the building societies and the banks. The societies are naturally curious to know which way their new rivals in the home loans business are going to jump

Barclays, Lloyds and National Westminster, who all have "managed" rates (not tied to any yardstick) are in a strong position to wait and see.

Midland's rate, on the other hand, is directly linked to its base rate and therefore moved up from 14 to 16 per cent (on loans up to £25,000) and from 14¼ to 16¼ per cent on the portion of bigger loans exceeding £25,000. The Midland, however, has taken a leaf out of the Woolwich Building society's book and borrowers' repayments will for the moment remain unchanged. Midland only alters the repayment every two years, at which point previous fluctuations in cost are taken into account.

If the clearers follow the logic of the "managed" mortgage rate concept, borrowers will hope to avoid an increase in line with the rise in base rates.

● Mr Alan Cumming, chairman of the Building Societies Association and the man who will have to co-ordinate a response by his members to the new financial pressures, was also in the news this week wearing his hat as chief general manager of the Woolwich Equitable

Mr Cumming said that the Woolwich is thinking of introducing a standard mortgage rate for all. This would end the present system, by which borrowers with bigger loans have to pay more (sometimes considerably more) than the recommended "headline" rate.

The matter is currently being considered by the BSA and certainly the Woolwich's apparent enthusiasm could be a sign of things to come. It is recognised that housebuyers in the south east — where prices are higher —are perhaps unfairly penalised by the present arrangements and, more to the point, the clearing banks do not operate such wide differentials.

One upshot of a standard mortgage rate, however, would probably be fewer and less exciting savings schemes. (Term shares and special savings plans are matched by the more expensive loans). Investors might end up less confused but the ever imaginative building society marketing teams could be out of a job.

T.D.

Gentle reminder about share exchange plans

UNIT TRUSTS
TIM DICKSON

SHARE EXCHANGE schemes have been around for some time but judging by one or two reports recently certain stockbrokers may conveniently have forgotten how they work.

Such schemes essentially enable investors with small, "bitty" portfolios of individual shares to swop them directly for units in a unit trust.

The attraction for management groups, of course, is the introduction of new funds: the advantage for investors is an interest in a professionally managed portfolio and a better deal on conversion into units than they would get by selling them in the normal way.

For share exchange schemes offer certain savings, some of which are bypassed and some of which are paid by the unit trust group—which could not be achieved if the individual shares were sold for cash through a stockbroker and then used to buy units in a unit trust.

Take the simple example of someone with a holding of Aunt Sally Associates valued at £520 in the market. (This is the offer price; we will assume that the bid price, which is the price a jobber will pay for the stock, is £500.)

Under a share exchange scheme, the unit trust group will decide whether Aunt Sally Associates (any any other shares it is offered) is a suitable stock for any of their funds. If so, the fund manager can effectively invest new money without paying dealing costs simply by transferring the certificates into the fund's name. In recognition of this the shares will be valued at offer price in the market (£520 in our example) and units in a fund of the investor's choice allocated up to this amount.

The snag is that Aunt Sally Associates may not be a company in which the unit trust group wishes to invest. (Some managers, in fact, specifically refuse to take individual portfolios into their trusts, believing somewhat snootily that there are unlikely to be instances where the individual components would be suitable.)

If this is the case they will arrange for the securities to be sold through a stockbroker and will value the holding at the market bid price (£500) when allocating units. Most groups, such as Hill Samuel which provided the example, will pay the brokerage and contract stamp duty which under a normal sale would amount to around £9.

Most groups insist on a minimum size of portfolio though most are prepared to go as low as £500.

It is also important to bear in mind that an exchange of shares represents a disposal for capital gains tax purposes. With the £3,000 annual tax free exemption, however, that should not trouble those with small portfolios.

Stockbroking clients with small portfolios might wish to remind their account manager of this scheme next time he suggests an investment in unit trusts. It could save them up to 2 per cent of the transaction.

PROPERTY

It's sale time again

BY JUNE FIELD

NOW IS the time to check on those houses that you liked the look of earlier in the season, but shied away from because the price was out of your range. With the sort of slow-selling summer many agents have had on second-hand property in most parts of the country, it is quite likely that some will still be available, and susceptible to substantial reductions. Send for another set of particulars and that way you can see whether the price has already been knocked down. Few agents bother to retype a fresh set, and any alterations are normally easily detectable.

Conversely, if you still have not sold your property, then seriously consider coming down on the asking figure. By all means offer an incentive—a discount for an early exchange of contracts, a decoration allowance if part of the house has got shabby, an advantageous (to the buyer), deal on the carpets and curtains, kitchen equipment, garden shed, light fittings and so on that you had thought of taking with you. Up-rooting old favourites that seem to have grown with the house, although not actual fixtures, often do not fit happily into different surroundings, and the cost of moving and re-housing them may not be worth the hassle.

Try a new approach with the sale details. Think back to the plus-points that the people who seemed genuinely interested but did not buy because of size, location or similar, referred to.

If the agent will not provide fresh particulars (because of expense or whatever), then go to another agent. But just make sure that they do not merely photostat the old ones under their own heading, a much followed practice in a town where the main agents appoint a large number of sub-agents.

One of the latest gimmicks to get the market moving, is the offer, included in the purchase price, of a "free" couple of weeks holiday on a time-sharing basis every year over a period of some 50 years, in an overseas resort. Very attractive, on the face of it, but don't forget the outgoings for management and the cost of getting there, and the fact that the owner is including the capital cost in the asking price of the property. If you don't want the holiday, and prefer to pay less for the house, say so — you might save yourself between £5,000 to £10,000.

Cash in hand is what most people want, as Crouch Homes are finding. They are offering gold bars to purchasers of their houses in the south of England until the end of the year, but nearly everyone has taken the cash alternative, admits Mr Tony Longman, marketing director. Of course if it is a builder that is offering one of their own time-sharing schemes —Brantridge Park in Sussex, which I wrote about last week, is owned by a Crouch subsidiary — then on a fixed price it could be a worthwhile bonus.

Barratt find that their house-exchange incentive is still probably the biggest draw for hard-pushed house-movers in the middle bracket. And to broaden their range they have just moved into the central London market with the establishment of a new subsidiary, Barratt Developments (Central London). Says Mr Alan Rawson, chairman of Barratt in the south: "We feel that we have a unique range of experience in solving the various housing problems of the big cities. Our plans include residential development in all price ranges, construction of new houses and flats, and joint housing ventures with local authorities as well as the conversion and refurbishment of historic buildings."

Heading the new operation, which will extend out to the suburbs, is Mr David Pretty, who master-minded most of the restoration and conversion into elegant apartments of period buildings in Bath, Bristol, Brockampton, Cheltenham and Laleham Abbey. The first project for the new set-up is the acquisition of 4 acres of housing land known as The Grange, fronting West Heath Road and Templewood Avenue, on the edge of Hampstead Heath, about half-a-mile from the centre of the village. It is planned to build a small number of quality detached houses in secluded grounds. To go on a mailing list for news of this and future developments, write, giving your price-range, to Mr D. A. Pretty, managing director, Barratt Central London, 12, Carlos Place, London, W1.

A new show apartment is being opened from Wednesday in The Abbey itself at Laleham, 10 minutes from Heathrow Airport. For details of houses and apartments still for sale in the Laleham Abbey development, contact Mr K. J. Pincott, residential development director, Barratt Investments, 668, Hitchin Road, Luton LU2 7XJ.

There is good news too for singles. Leech Homes have just re-launched their Uniflat, a single-person flatlet which comes complete with carpets, curtains, swing-down bed, settee, bench-seating, foldaway dining table and two chairs, dressing area with fitted wardrobe, shower room with basin and WC, plus fitted cooker, refrigerator and washing-machine. The package sells for £12,000 to £13,500 complete, depending on location, which is mainly in the North East—Alnwick, Kenton, Wallsend and Ouston, on existing sites in clusters of four.

"The whole idea was to keep away from the concept of large impersonal blocks," says Mr George Lawman, sales director of Leech Homes (North East). "Roofs are steep-pitched and tiled in red pantiles, windows are large and curved."

Single-person furnished flatlet created full-size at the Leech Uniflat Exhibition, Eldon Centre, Newcastle, where the company intend to sell over 150 on various sites in the North East by the end of the month. Prices range from £12,000 to £13,500, which includes a complete package of fittings and furnishings—everything from a swing-down bed to bench seating, wardrobe to washing machine. Inquiries to Mr George Lawman, sales director, Leech Homes (North East), City House, 1-3 City Road, Newcastle upon Tyne (0632 329954), who can organise 95 per cent mortgages subject to status.

I have only seen the one simulated in the exhibition in the Eldon Centre, Newcastle, which is on show Monday to Saturday 8.30-6.00, and Thursday until 7.00. There is an actual show flat at the Wallsend development, four miles east of Newcastle, open 11.00-6.00 seven days a week. The units here sold out within a week at £12,500 each to a wide cross-section—young professional people, the middle-aged group and the older person on their own after their partner had died.

Leech intend to sell in excess of 150 homes during the month of the exhibition, as others are coming on stream at various sites all the time. The idea is not completely new —about 15 years ago they marketed their first Uniflat at £1,250, without furniture. These are now changing hands at about £11,500. "We only let the idea slide because the building societies were reluctant to lend on them," the company admits. Now, subject to status, you can get a 95 per cent mortgage, which means £600 down on one at £12,000, and a loan of £11,400, which with tax relief they told me worked out at roughly £97.50 a calendar month.

For details of what is on offer and where, plus information on their other new "Country-Style" projects with houses with up to four bedrooms built around courtyards, cul-de-sacs or in short terraces to encourage a sense of community, contact Mr Lawman, Leech Homes, City House, 1-3 City Road, Newcastle upon Tyne NE99 1PG. A Uniflat leaflet plus a Laura Ashley colour chart is available, together with details on their incentive schemes such as "The Helping Hand," where the company take a 10 per cent share in the new house to reduce the buying price and mortgage repayments, and when the house is sold it is then repaid at 10 per cent of the current value. They will also part-exchange your old house in a trading-up operation, as well as give a £500-discount if you move from one Leech home to another.

RACING
DOMINIC WIGAN

SEVERAL SMART two-year-olds will contest the group 2 Mill Reef Stakes *run over six furlongs* at Newbury (3.30) this afternoon, including Wattlefield from Michael Stoute's Newmarket stable, and Torrey, an American-bred colt whom Major Dick Hern trains for Countess Marianne Esterhazy. Wattlefield has won his last two races, at Newmarket and Yarmouth, by five lengths and six lengths respectively, and this colt by Red God is highly thought of by his trainer. But though there *is nothing between the two*, I opt for Torrey, who impressed me in the paddock before winning the Selsey Stakes at the principal Goodwood meeting.

Whatever his fortunes with Torrey, Major Hern looks like winning the Peter Hastings Handicap (4.00) with Boathouse, who made short work of the useful Cuthroat at Goodwood a fortnight ago. And Valentinian an improving colt, by Morston, will, I think, be *too good for old Charlotte's* Choice in the Coral Autumn Cup Handicap (3.00).

A colt who has disappointed his connections on several occasions is Ganimede who was well backed to beat Kittyhawk and Premier Rose over seven furlongs at the Doncaster St Leger meeting. On his previous appearance this handsome son of Red God had finished third to Bunter and Silver Season at Newcastle when attempting to *concede two stone to the winner*, who is current favourite for the Cambridgeshire Handicap. It may be that Piggott will be able to coax him to put his best foot forward in the Arlington Stakes (2.00) in which case I would expect him to win. Hazim, though only sixth of eight in the Gimcrack Stakes at York, may wind up a successful afternoon for Piggott by taking the Harwell Maiden Stakes (4.30).

At Ayre, Rodeo looks to be favourably weighted with seven stone 13 pounds in the Bogside Cup Handicap (3.00). And Hern can land the Firth of Clyde Stakes (4.00) with Apples of Gold and the Saltdia Stakes (4.30) with Baffin, both ridden by E. Hide.

NEWBURY
2.00—Ganimede*
2.30—Laura Jenny
3.00—Valentinian
3.30—Torrey
4.00—Boathouse***
4.30—Hazim**

AYR
3.00—Rodeo
4.00—Apples of Gold
4.30—Baffin

LEISURE

Away for the weekend

The prices of hotel weekends away within the UK this autumn are an indication of just how fierce the battle for business is getting these days. For two nights in a room with bath, with continental breakfasts, at the Plaza Hotel in London's Bayswater, the bill would be £16.50; at the glossy Hotel Bristol the same thing (but English breakfast) costs only £43; the Selfridge (English breakfast) charges £42; the Savoy £78 (less from December on); the St. Georges £39 (English breakfast). All these prices are well below normal tariffs.

Outside London the prices for these weekend breaks tumble even further. The East Anglia and South East England Tourist Boards have just produced a joint brochure, "Take a Break on a Budget," offering 98 hotel, guest house, inn and farmhouse off-season breaks from £15 to £39, and these all include dinner, bed and full English breakfasts, again for two nights.

The best starting point for finding out more about the weekends—and many of them have a speciality interest such as painting, riding or gastronomy—are local tourist boards. Each of the national boards for England, Scotland and Wales publish lists of special weekend offers and these are supplemented by further material

Go West Country, for example, lists 300 hotels, guests houses, inns and self-catering establishments which do the Two night bed/breakfast/dinner deals.

Most of the offers involve a Saturday-night stay, but the visitor can choose whether the other night is the Friday or Sunday. A large number of properties encourage longer stays at proportionate rates, but in the city hotels they are not over-eager to dilute their normal business traffic.

Local travel agents should have copies of the brochures produced by hotel groups.

All THF hotels offer reduced prices for children and "bumper funbags" with games and puzzles. THF prices range from £14.50 to £38.50 a night, which includes the room with bath, colour TV, 'phone, full breakfast, three course dinner with coffee, as well as service and VAT.

Some hotel groups, notably Holiday Inn (which also boasts heated pools) make no additional charge for children who share the parents' room. Ladbroke hotels (rates between £24 and £35 for two nights bed and breakfast everywhere from Edinburgh to Exeter) will give a room free for children if there is one spare. Try Thistle hotels for particularly keen pricing in London.

The biggest single volume on the subject is the English Tourist Board's "Let's Go" publication. It is available free from tourist offices.

● Further information: English Tourist Board, 4 Grosvenor Gardens SW1, who can also provide addresses for 18 other tourist boards and committee's including those in the Channel Isles and the Isle of Man. Scottish Tourist Board, 23 Ravelston Terrace, Edinburgh EH4 3EU. Wales Tourist Board, 3 Castle Street, Cardiff CF1 2RE. Northern Ireland Tourist Board, River House, 48 High Street, Belfast BT1 2DS. The Irish Tourist Board in London or Dublin has details of special short break packages in the Republic.

TRAVEL

ARTHUR SANDLES

Bemused by Indian temples

IF I HAVE ever seen more bicycles in one place than in Hyderabad, then I have forgotten where it was. A tide of wobbling humanity, they ebbed and flowed about our taxi in a state of cheerful mutual disregard as we headed into town from nearby Golconda.

For me it was a half way halt on a trans-India route from Bombay to Orissa. Memories of an earlier visit began to crystalise: the broad boulevards, the green spaces, the chunky four-arched monumental gate of Char Minar—a sort of Asiatic Arc de Triomphe—and the general "1,001 Nights" feeling of this former Nizam's capital.

By Indian standards Hyderabad is not old. It was founded in the 16th century when Golconda fort began to run out of space. In the fluctuating fortunes of successive dynasties, Golconda—a town-sized stronghold whose great ruins occupy an entire hill and are well worth visiting—then belonged to the Qutub Shah kings.

Their tombs, near the fort, are massive and, surrounded by pleasant gardens, they now provide a favourite picnic spot.

I like Hyderabad. It has the best zoo in India and the Salar Jang Museum (a quite astonishing one-man collection of eastern and western art treasures); and, for all its activity, a comparative restfulness in which the teeming life of India seems just a little muted. It also has excellent hotels, including some in so-called Indian style, which are very reasonable in price and where the only difference may be the vegetarian menus. All in all, it proved an excellent contrast with what lay ahead for, if Hydrabad has long been a centre of Muslim culture and learning the little towns of Orissa are quite indisputably Hindu, including some of India's most sacred shrines.

The most sacred of all is the Lord Jagannath Temple in Puri, upon which unimaginable hordes of the faithful and the curious converge every year.

A word of warning. Too many westerners end up bemused by a plethora of temples and a total lack of comprehension.

It is wise to be selective, and fortified by at least a modicum of background reading. Hindu temples are powerful stuff. They represent not simply a religion but a philosophy reflected in millions of lives. If you do not know that Brahma, Vishnu and Shiva are one, or that their various aliases and consorts and progeny are simply important attributes of a massive whole, it could all seem meaningless.

Thus Lord Jagannath is, as it were, an "alias" of Vishnu the Preserver, here manifested as Lord of the Universe.

Of about a dozen annual festivals, the most important is the Car Festival, held in June or July, when huge wooden chariots bearing sacred images are dragged through the streets by thousands of pilgrims, watched by tens of thousands more.

The more important a temple, the more people it attracts—sightseers, beggars, touts and honest-to-goodness worshippers. Bazaars near the temple entrances hum with activity and overflow with goods, both sacred and profane. Each region, town, and village of India has its particular crafts. Among those of Puri and its surroundings are intricate stone carving and silver filigree, vivid appliqué work, bold handloom fabrics, and some gloriously gaudy folk paintings.

No doubt the most famous of all Orissa sights is the Sun Temple of Konarak standing alone—a short stroll from the sea and 85 km from Puri. It is famous not always for the right reasons among Westerners, some of whom are attracted there by the well-known eroticism of some of its sculptures. The Indians, who are much less hypocritical about this sort of thing, will happily point them out to you. Some of the sculptures are very explicit. But so are the carvings depicting many other fields of human activity; sex is only one piece in the mosaic of existence.

The Konarak Temple was built in the 13th century by 1,200 men in 12 years.

Created in the form of a chariot, it seems to be drawn by seven horses and carried by 24 wheels, representing the 24 fortnights of the Indian calendar. Every millimetre contributes in some way to the extravaganza of life frozen in stone.

The third "must" of Orissa's sightseeing triangle is Bhubaneswar, where several hundreds of some thousands of temples survived the Muslim invasion. In various states of repair, the most interesting date from the 7th-11th centuries.

Near Bhubaneswar are the Caves of Khandagiri and Udaigiri where some 2,000 years ago Jain monks lived in cells scooped out of the hills. At nearby Dhauli are the even older Rock Edicts of Asoka (about 268 BC), that fearsome warrior king who here renounces the horrors of war following his conversion to the gentle ways of Bhuddhism.

Orissa perhaps typifies more than any other state most people's pre-conceived ideas of India, from its jungles and paddy fields to the broad beaches washed by the tides of the Bay of Bengal. Though accommodation is still limited, it is perfectly adequate for those who can dispense with luxury—and those beaches are some of the finest, and emptiest, in the world.

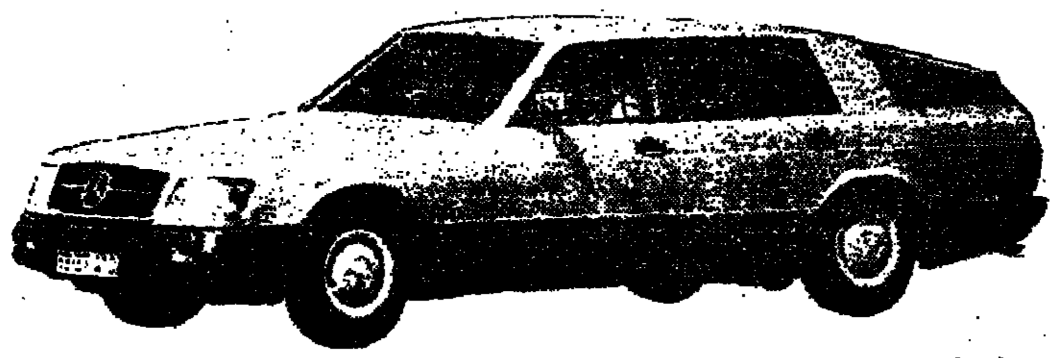
Further information: Government of India Tourist Office, 21, New Bond Street, London W1.

SYLVIE NICKELS

MOTORING

The future: Frankfurt cars for the 1980s

BY STUART MARSHALL



For the big car buyer of the late 1980s? This Mercedes-Benz prototype has a gas turbine or V6 turbo-diesel, a three-range auto "thinking" transmission and anti-collision radar

MOTORING'S FUTURE is on show at Frankfurt this week and a reassuring spectacle it is. Those doom-laden forecasts of the mid-1970s that the private car would be well on the way to disappearing by the turn of the century couldn't have been more wrong.

The most remarkable feature of this enormous display of motoring hardware is the sheer enterprise and ingenuity of the industry in adapting to an era in which petrol costs more per litre than cheap table wine.

The emphasis of this vast shop window show for the German industry is economy. But not the kind of economy that would be obtained by making mean little cars sacrificing comfort, performance or safety.

Consider Volkswagen's latest mobile laboratory. It is only a test bed at present, but many of its features will clearly be seen in VW and Audi cars of the mid-1980s onwards. With a 1.2-litre, three-cylinder turbocharged diesel, this slippery looking four-seat saloon will do 67.3 mpg in town, an incredible 85.6 mpg at a constant 56 mph and 58 mpg at a steady 75 mph. That means around 70 mpg in normal, average use.

A performance version with a mechanically supercharged 1,050 cc petrol engine with electronic mixture control, fully automatic gearbox and freewheel has a 112 mph maximum and accelerates from 0-60 mph in 12 seconds. It also features a new design of anti-lock brakes that, in mass production, would cost no more than a good quality radio. A voice synthesiser gives the driver verbal advice on mechanical functions; a traffic guidance system helps him pick the best—and thus most economical—route.

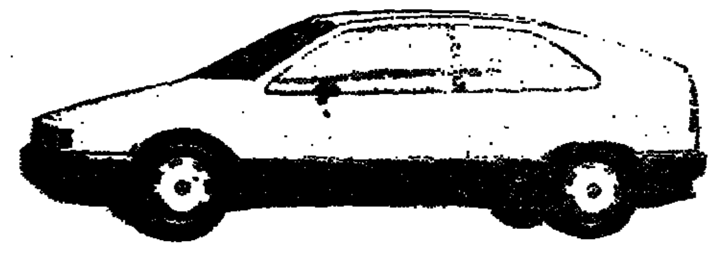
Mercedes-Benz are equally down to earth. Their dream car has been built in response to a Goverment challenge to cut fuel and accident repair costs by 30 per cent while reducing the car's environmental impact. It is based on the new S type car and is big, big enough to please the German businessman who now cruises at 100 mph and more on the autobahn in his 380 or 500.

One of these Mercedes-Benz prototypes has an advanced gas turbine under the bonnet, the other a lightweight V6 diesel with two turbochargers. A single one is in use at low to medium speeds, the second cuts in if maximum performance is required. A new kind of automatic transmission can be set for three driving regimes—traffic, economy and high speed. The driver chooses which; the transmission's electro-hydraulic controls select the most fuel-efficient gear and throttle setting.

The futuristic Mercedes-Benz has anti-collision radar, anti-lock brakes and a device to prevent wheelspin during acceleration—and fixed windows with small portholes to talk or hand motorway tolls through.

Also making a debut at the the Frankfurt Show are the 1982 Mercedes-Benz coupes which are effectively shorter, sportier versions of the New S Type saloons. They will not be on sale in Britain until next year. The new 5-series BMW saloons, however, which are being introduced at the show, reach Britain in a few weeks. Though not markedly different from the previous 5-series in appearance, they are roomier and significantly improved mechanically.

Renault's most important new car for years. The model 9 saloon feels more German than French and is pitched at world markets



Volkswagen's idea for a family car. Up to 70 mpg in average use from this three-cylinder, turbo-diesel powered four-seater

Renault have chosen Frankfurt as the launch pad for their most important new model in years—the 9. It is a whole family of cars. There are 11 versions, with six trim and equipment levels, four engines and three gearboxes, but only one body which is a four-door, three-box saloon. They range from a basic 1.1-litre with 47.5 hp and four-speed gearbox to a 72 hp, 1.4-litre with five-speed gearbox. Optional equipment includes electric windows, central locking and air conditioning. At the moment, the 9 does not replace any other Renault model. But it makes the hatchback R14 look rather redundant, just as the R18's appearance three years ago marked the beginning of the end for the R16.

The 9 is Renault's entry into the mid-range market which will absorb an estimated 30 per cent of the 10m cars to be sold in Europe next year. Renault 9s I drove in France last month impressed me by their liveliness, comfort and refinement. They are said to be only 10 per cent less economical than the Renault 5, which is one of Europe's least fuel-thirsty cars.

But the 9 does not look or feel like a typical Renault. The styling is clean, like a VW Jetta crossed with a Talbot Tagora. The firm seats and suspension, and the taut handling, struck me as more Germanic than Gallic. It seems bound to do as well in its class as the rather bland 18 has done slightly higher up market. The 9 goes on sale in Britain in March.

Having almost invented the hatchback, Renault now seem to be trying to kill it off (with the 18 and 9). Volkswagen, on the other hand, have made their new Polo look more like an estate car than the previous hatchback ever did. The Polo gains extra headroom and luggage space from its squarer styling but is said to be better aerodynamically and thus to save fuel. The new 1,050 cc engine runs on two star fuel despite a very high (9.5:1) compression ratio. Right-hand drive Polos will be in Britain before the year's end, followed by a Derby saloon replacement in 1982.

BOOKS

Diana and Duff

BY NIGEL NICOLSON

Diana Cooper
by Philip Ziegler. Hamish Hamilton, £9.95. 319 pages

Lady Diana wanted this book to be published in her lifetime. "She was indeed amazed that any other idea should have occurred to me," writes Philip Ziegler in his Foreword. Understandably she wishes to enter her 90s with the same flourish as she entered her teenage. Mr Ziegler nails her enduring character when she was just 50, an Ambassadress:

"No one who had known and understood the little girl scrabbling around the turrets of Belvoir would have failed to recognise the same traits in the great lady of 1942. No *grande dame*, indeed, could have been less grand, more impetuous, more informal. There was the same assertiveness, the same outrageous demands on friends and acquaintances, the same generosity and total loyalty ... Loving tradition, she remained the least conservative of women."

So it comes as no surprise that she should welcome the truth about herself, and has had no quarrel with her biographer, who has strained the bonds of discretion without ever bursting them. He sometimes employs the device of circumlocution, as an obituarist does ("drink was a valuable prop in times of trouble," or, "Duff's threshold of tolerance was low"), and there is a little juggling with the names of putative lovers, though flirtation was more her line than surrender. Some of the lovers, like Lord Wimborne, are treated with such humour that the reader is left uncertain of the outcome, and Duff's comment that "I never saw so many swine cast before one pearl" well expresses his magnanimous attitude. On the other hand, little doubt is left that Diana's father was not the Duke of Rutland but Harry Cust, and no attempt is made to conceal her minor failings, like derision, scrounging, and occasional drugs, which by some magic alchemy, both hers and the author's, are transformed into virtues. Seldom can warts have been used more gracefully to embellish a lovelier face.

Mr Ziegler's interviews with her must have been accompanied by a great deal of laughter, which echoes throughout the book. Her life has been, in a certain sense, one long lark, and her biography is an operetta. But there are solemn passages which save it from triviality, particularly when describing her capacity for profound love and grief, as when Raymond Asquith, and later Duff, died; and her energy, not merely social, like her dedication to the most squalid tasks in a First War hospital, and her immobile stamina as the Madonna in the *Miracle*. There was courage in her, a liking for tight-rope risks, as when she posed in the nude for the German ambassadress, and "a certain incandescent aura" as she wrote of herself to Evelyn Waugh, which alarmed strangers but enchanted her friends. "There's no swank about her," said one of Duff's constituents. She was—but one must not slip into the past tense—she is a non-Tatler type of aristocrat whose manner presents the best defence of aristocracy, as appealing in Oldham as in Paris.

While she emerges triumphantly from this book, the same cannot be said of Duff. Mr Ziegler has treated him so roughly that one wonders at times why Diana's love for him never wavered:

"He was notoriously unsafe with women, viewing almost anyone between the ages of 16 and 60 as his rightful prey. His temper was ferocious; his indolence, except when something particularly interested him, was formidable."

There follows, it is true, a list of virtues, his courage, wit, eloquence and love for Diana. But the faults continue to accumulate. An unapologetic snob, an anti-Semite, a drinker, a gambler, he was capable of losing in one night the money which she earned for both of them, by the *Miracle*, in a week. Her reproaches were mild:

"I am sometimes horrified at your lack of warmth to anyone, but have hugged the remembrance that to me you are different."

She was Duff's co-adjutrix. They formed together a bivalve. She felt no jealousy of his women, many of whom are named here and some still very much alive, even encouraging them ("I would love him to have a tumble with the pretty little fool"), and capable of making close friends of a mistress whom Duff had discarded, "a whore de combat." Of course there were rows, Duff turning redder, Diana whiter, but there was never any threat to their marriage because it could never stale, each being not just tolerant, but admiring, of the other's audacity. Duff Cooper was a more splendid buccaneer than this book allows, a greater writer, a bolder politician, and one needs to return to his letters written from the trenches to understand how deeply their love was rooted.

Lady Diana with Duff Cooper. The authorised biography of Lady Diana Cooper is reviewed today

Lady Diana has published three volumes of autobiography, and at first it must have seemed strange to her that anyone should wish to re-traverse the "*shapeless mish-mash*" of her life. "Oh my God, there's my biographer," she was once heard to say at a party when Philip Ziegler walked in, and ran. But clearly there was much more that a sympathetic interrogator could extract from her fruitful memory and vast correspondence. Discretion was now less necessary (for instance about the Nahlin cruise, and her passing affection for Carl Burckhardt, the High Commissioner in Danzig), and it could be told at one remove from herself. Philip Ziegler has done it with taste, dexterity, directness and fun, the very qualities in which she excels. He has so unfaultable a sense of timing, as if on a stage, that no witticism, his or hers, is thrown away. His initial disapproval of her attitude to such things as privilege or money soon fades, because Lady Diana cannot be judged by conventional standards. In fact she has done more than almost any other woman of her generation to change them. If vanity, greed and promiscuity had been her dominant traits, or if she had been a mean person, one might have considered the book a betrayal. But they weren't, and she wasn't, and one doesn't.

Making the Grades

BY GEORGE MALCOLM THOMSON

The Grades: The First Family of British Entertainment
by Hunter Davies. Weidenfeld and Nicolson. £8.75, 268 pages.

Ultimately, responsibility rests with Tsar Alexander III. If it had not been for the pogroms which he encouraged, it is likely that Isaac Winogradsky and his wife Olga née Eisenstadt would not have left Russia in 1912. Olga was the prime mover: "We must get out before things go bad." Just five years before the real trouble. So they came to England in an onion boat, like 150,000 other Russian Jews, and settled in two little rooms above a shoe-shop in Brick Lane.

It was not a promising start for a journey that was to lead the Winogradskys (soon Grades) to great wealth and—but let Olga put it in her own words, "There was a Jewish Momma who had two sons who became Sirs. But I am the only Jewish Momma in the whole world with two Lords who are sons."

No outcome looked less likely to the immigrants of 1912—not much money, no job, no English, not even much Yiddish, only Russian and Olga's iron determination that she and her brood—Lew, Bernie, later Leslie and Rita—would survive. She it was who saved the boys from the rag trade which killed their father, and steered them towards the Stage. It was an inspired move. They were a clever family but it was with their feet that they took the first steps on the road to success. They danced. Lew especially. His Lordship's Charleston is still spoken of with respect by the cognoscenti.

The time came when it was necessary to change direction and once more it was Olga who saw what must be done. "It's no good making money mit your feet," she said, "make money mit your brains." By that time she was talking English.

So the Grades became theatrical agents. Ahead lay the big cigars, the flat on Millionaires' Row, and all the rest.

Although they are intensely and proudly Jewish, they are not conspicuously religious. Only Leslie observed Yom Kippur. Unlike the Rothschilds they were not interested in Zionism. But when Leslie died, thought to be the cleverest of the three brothers, an acknowledged master of the "schmooze" (cosy chat), his memorial service in the Liberal Jewish Synagogue in St John's Wood was an impressive affair. Outside was the only traffic-jam that has ever been composed only of Rolls-Royces. At the door the men arrived looking grave, the women dripping tears and mink. But all left wreathed in smiles. Why not? They had just been present at a wonderful variety show: Frankie Vaughan singing Psalm 121, Cliff Richards singing Pslam 23, Edward Fox reading Psalm 90. The two attendant Rabbis had scarcely to raise their voices. Robert Morley was thought to be the star turn. Irreverent? Unsuitable? Leslie would have loved it.

By the late 1960s, Lew had become a film producer in a *big* way. *Jesus of Nazareth* in two three-hour parts. Said Lew, "I am a Jew. Jesus was a Jew. We were both born on the same day, but believe me I'm not doing this to celebrate my birthday." The Pope told him it was a wonderful thing for Christianity. "No, sir," said Lew, "for all people." Then the Pope made him a Knight of St Sylvester, the only Jew to receive that honour.

Expensive and ebullient, the salesman of the family, Lew has attracted the largest apocrypha. For instance, "What do two and two make?" asked the little child. "Are you buying or selling?" Lew answered.

That is the kind of story that Sephardic Jews have been telling about the Ashkenazi ever since the Diaspora. During the making of *Jesus of Nazareth* somebody asked, "What are the disciples' names, Lew?" "Well, there's Luke, and Matthew, and John . . . I'll let you know the others when I've finished the script."

One day Lew and his brother Leslie were lunching at Isow's restaurant when Leslie jumped up. "Lew," he shouted, "I've forgotten to lock the safe in the office." "That's all right, Leslie, we're both here." As Lew said, "I only wish I was as sharp as the Lew Grade they tell stories about. If I could find the authors, I'd hire them."

This was the man who said, "When I whisper, I'm still shouting." Maybe he has more of his mother in him than the others, although Leslie was her favourite. The Grades, as they appear in this straightforward, vigorous and enjoyable narrative are a family — an extraordinary family — all the way up from the onion boat to the House of Lords, obstreperous, adventurous, barely credible. They had, all the way from Odessa to Park Lane, a vital spark from Olga, the old lady who, dying (aged approximately 94) said, "Oh, my lovely kinder!"

Fiction

Family business among the sick

BY ISOBEL MURRAY

Dad
by William Wharton. Jonathan Cape. £6.95. 449 pages.

The Christmas Tree
by Jennifer Johnston. Hamish Hamilton. £6.50. 168 pages.

The Cat and the King
by Louis Auchincloss. Weidenfeld and Nicolson. £6.50, 183 pages.

At the start of William Wharton's *Dad*, it is Jack's mother, not his father, who is ill. Jack is about 50, a painter, domiciled (and happily married) in Paris, France. He flies back to Los Angeles in response to an urgent telegram from his sister Joan, and finds Mother in hospital and Dad distraught and panicky.

Jack loves his father, but doesn't know him very well. No one, it seems, knows him very well. For 30 or 40 years he has acquiesced in a situation where his wife Bette controls and dominates him, and he is lost without her. He has to be told when to wash, where to find his clean clothes.

Most of Dad's fears and fantasies are very private, but Jack knows he has a terror of cancer. So when he starts passing blood in his urine this possibility is foremost in everyone's mind. Not only is this phenomenally private man deeply distressed and humiliated by the necessary medical processes which rudely invade his privacy, he is also under threat of cancer.

Quite a large part of this novel is concerned with the inadequacies and failures of imagination of the doctors most involved. Despite Jack's urgent warning, his father is told he has cancer, and the consequences are hideous: he goes into deep shock, unable to recognise his family, to understand speech, to control his bodily functions.

All this is seen through Jack's eyes; we share his hatred, anger with the doctor, his agonised caring for his father, which only sister Joan is able to understand and share. So in many ways this is a very painful book. But it is far more than that—it is moving, often very funny, and optimistic about the possibilities of human beings understanding and loving each other.

As the novel progresses, it becomes necessary to keep the two old people apart. Joan and Jack conspire together, share fears, laughs and rages. Rage is often directed at the tyrannical mother who subdued her children as well as her husband, and refused them any warmth or physical contact. In many ways Mother is a monster, but Jack is gradually forced to begin to understand and pity her.

The details of this story are individual and unusual, but the rendering of Jack's complex of feelings towards both parents is magnificent, constantly touching the very quick of experience. William Wharton writes simply and effectively, persuading me utterly of the authenticity of his material, persuading me as I read that I recognise the truth of the father-son relationship from the depths of my own experience.

The story is balanced and framed by another shorter and simpler one. From time to time we see Jack as *father*, not son, on a transcontinental car-trip with his son Billy. Sometimes this is rendered through Billy's responses and sometimes through Jack's, so other perspectives on fathers and sons are finally suggested. A rich and wonderful book.

In Jennifer Johnston's *The Christmas Tree*, we are invited into a much sparer kind of experience. Constance Keating is in her early 40s, and dying of leukemia. As she dies, before she dies, she is trying to come to terms with her experiences in her own way.

She does not want to surrender to the care of her sternly Catholic sister Bibi, or to hospital impersonality: she will die in her Dublin home, with only a young orphan companion, Bridie May. Bridie is an attractive and convincing character, as is Bill, the doctor who long ago wanted to marry Constance. Constance herself is both first person narrator and occasionally described in the third person, as crucial episodes in her past are remembered, relived.

She has *sought* immortality as a writer, but has failed. Recently she has had an affair with a middle-aged Jew in Italy, and unknown to him has succeeded in her purpose, becoming pregnant. So another kind of immortality. Now she learns how to die. Jennifer Johnston has produced a quietly moving novel.

The Cat and the King is a historical novel about Versailles in the age of Louis XIV, the Sun King. Louis Auchincloss' narrator is Saint-Simon, author of the famous *Memoirs*. Saint-Simon sets out to describe the court and its scandals and rumours, but as well as this he unconsciously provides insights into his own character. We realise, for example, that Saint-Simon owes his position at court and such royal favour as he enjoys to the skilful and unobtrusive wiles of his wife Gabrielle, not to his own efforts at all.

The description of life at Versailles is interesting, but in the end static, rather like the reign of the Sun King himself: the novel is efficient but hardly exciting.

Castlereagh's crises

BY ROBERT HALSBAND

Castlereagh
by Wendy Hinde. Collins, £16.00, 320 pages

The chronological and geographical outline of Castlereagh's career is marvellously neat: about a dozen years (1790-1801) in Irish government and in the Irish Parliament, which he helped transfer to Westminster by the Act of Union; about a dozen years (1801-12) in English politics, including a stint as Minister of War, when he supported Wellington's peninsular campaign in the struggle against Napoleon; and about a dozen years (1812-22) as Foreign Secretary, when he joined the other European powers (Russia, Austria, Prussia) in putting together a post-Napoleonic Europe. Yet his reputation, then and since, has been distorted by the "Irish Dimension" (as it is called in this biography).

Since he was an Irishman he was cursed as a traitor for his strenuous support of the Union. His biographer explains that his "admiration for England lay at the root of his determination to force the union through. What to the Irish was a subordination was to him an enlargement." Whether or not he can share the blame for bringing about the present troubles, the description here of the unhappy Irish situation in his time has an air of *déjà vu*. "Don't be hard on Castlereagh . . . for he too loves Ireland," said the Irish patriot Grattan, charitably, but many years later. Surely Castlereagh ought to be remembered for his unequivocal accomplishments: his championing of Wellington and his statesmanship in putting together the pieces of Europe afterwards.

Altogether a remarkable career, that saw him progress from an upper crust Irish boyhood as Robert Stewart to a mansion in St. James's Square and a country house in Kent, where (by then 2nd Marquess of Londonderry and 53 years of age) he stabbed himself in the throat with a penknife, neatly severing the carotid artery. His doctor, in the next room, could do nothing for him except lower him to the floor to die. Suicides are always shocking, and Castlereagh's is no exception. An intensely private person, without the "easy bonhomie of the professional politician" (his biographer writes), he gave the impression of being cold, aloof, haughty. The intimate, personal correspondence that would have revealed his inner life is lacking, except for his letters to his brother. He wrote to him, once, after the Quadruple Alliance treaty was finally signed (in 1814), and he could go to his country place, "thank God that I am once more *unsaddled* and may roll on the grass." He was almost always saddled and at full gallop, which was probably the cause of his mental breakdown and suicide.

If the materials for an intimate portrait of Castlereagh are meagre, they are embarrassingly rich for his public career: pamphlets and newspapers, archives in Britain and all over Europe, and memoirs and letters by his contemporaries. These have been expertly used by his present biographer to spin out an enthralling narrative, a worthy successor to her excellent biography of George Canning. But she leaves unmentioned the impact Castlereagh made on the leading poets of his time. Except for a passing mention of Shelley (omitted in the index) and a glance at Byron only for his involvement in Greek liberation, she averts her attention from the satiric attacks and lampoons aimed at Castlereagh, whether deservedly or not. These illuminate his career as well as his posthumous reputation.

Castlereagh: detail from an engraving of the Lawrence portrait

I would, in spite of this perhaps insignificant omission, call *Castlereagh* a most admirable biography — admirable in a literal sense, for I found myself continually admiring the breadth and intelligence of its substance and the clarity and elegance of its style. It seems to me far superior to Ione Leigh's biography—a more popular, "human interest" treatment — published in 1951 also by Collins, yet curiously omitted in the bibliography here.

Bombed hotel

BY ROGER MATTHEWS

By Blood and Fire
by Thurston Clarke. Hutchinson. £8.95, 347 pages

Hitler and the Holocaust took the idealism out of Zionism, says Mr Clarke, and helped create men like Menahem Begin who saw political violence as a legitimate tactic in the struggle to create the State of Israel. Mr Begin and the Jewish underground group which he headed, the Irgun Zvai Leumi, believed that by blowing up the British headquarters in Jerusalem they would advance their aims.

The British civilian Secretariat was housed in the south wing of the King David Hotel, then among the great hotels of the world on a par with Shepheards in Cairo and Raffles in Singapore. On July 22, 1946 Mr Begin's squad's bombs ripped through the building, killing 41 Arabs, 28 Britons and 17 Jews and perhaps hastening the pace of British withdrawal.

Mr Clarke has talked to survivors and perpetrators, including Mr Begin, and constructed a political thriller which, unlike others of its genre does not appear to have sacrificed accuracy or objectivity to narrative. Much of the bitter debate which followed the atrocity centred on whether the Irgun gave adequate warning to the British to evacuate the building. The book concludes that there was little chance of the warning proving effective, and had it been so the death toll would have been even higher due to the extra number of people on the street outside the building.

Mr Begin was shocked by the casualties but not repentant. The blame he placed squarely on the British. But the Arabs, the main victims of the blast, were incensed, and retaliated. The Irgun, confirmed in its violent attitudes, stepped up its activities and the ugly momentum of Arab-Jewish hostility was yet more firmly established.

Too often, terrorism is discussed only within a political framework. Mr Clarke has been able to transmit some of the appalling human suffering involved, and he helps us to understand the motivation of men willing to inflict it.

He has also bridged the intervening 35 years by following briefly the careers of the main *dramatis personae* and offering items of information which are highly relevant today. Not least, he told me that modest Dick Mowrer, an old friend, then of the New York Post, was the only person to receive a personal letter of apology from Mr Begin for the injuries he received in the explosion.

In conclusion, Mr Clarke draws parallels between the Irgun and the Palestine Liberation Organisation. Both have political aims but their victims are frequently innocent civilians, women and children. The book was written before July, when Mr Begin ordered the bombing of PLO offices in a heavily populated area of southern Beirut. Over 300 civilians were killed and 800 wounded in that attack for which no warning was given.

Such actions have scarcely dented Mr Begin's political standing as Prime Minister of Israel and he retains his half share of the Nobel Peace Prize. There must be a lesson somewhere in all this for Yasser Arafat.

Fire era

Firemen at War by Neil Wallington. David and Charles. £6.95. 222 pages.

This is a heroic story of London's fire-fighters who started the Second World War being branded by civilians as column dodgers but were soon to be cheered as they drove smoke-grimed and exhausted through the streets after fighting the fires which threatened to destroy London.

How near the Luftwaffe came to achieving this with the raid that turned large areas of the capital into an inferno in May, 1941 is one of the frightening facts of the last war. Neil Wallington, a fire officer, obviously believes that one more massive raid then could have destroyed the city — perhaps changed the course of the war. But Luftwaffe Air Fleet Two was switched to the Russian front. London was saved.

BRIAN AGER

HOW TO SPEND IT

by Feona McEwan

SCENE IN SCOTLAND

This week we salute Scotland's other attractions with a round-up of some of the most enterprising and individual work happening north of the border

Oaken glory

THE ISLANDS of Orkney have given us many good things — cheese, George Mackay-Brown, Ronaldsey lamb, poets galore, Peter Maxwell Davies, and that prettiest of seats, the Orkney chair.

Though, it must be said, it is not bought for its sumptuous comfort (and I say this as the proud possessor of such a chair), visitors continue to beat a path to the crofter's door to seek out this famous "beehive" chair the Orcadians have made their own.

For centuries the Orkney chair, simply built in the only two raw materials in abundance then, oak and straw, have been hand-made by the islanders, initially for their own, and now for everyone else's use. Today the chair is sought after wherever Scots are scattered, in Australia, U.S., Canada, Germany, and England too.

Behind the plain rustic charm of the strawback chair sits centuries of island tradition. In the early days, when most islanders owned their own, the wood for the chair bases came from driftwood washed up from nearby shipwrecks. These were covered with straw to hide and reinforce the inferior wood.

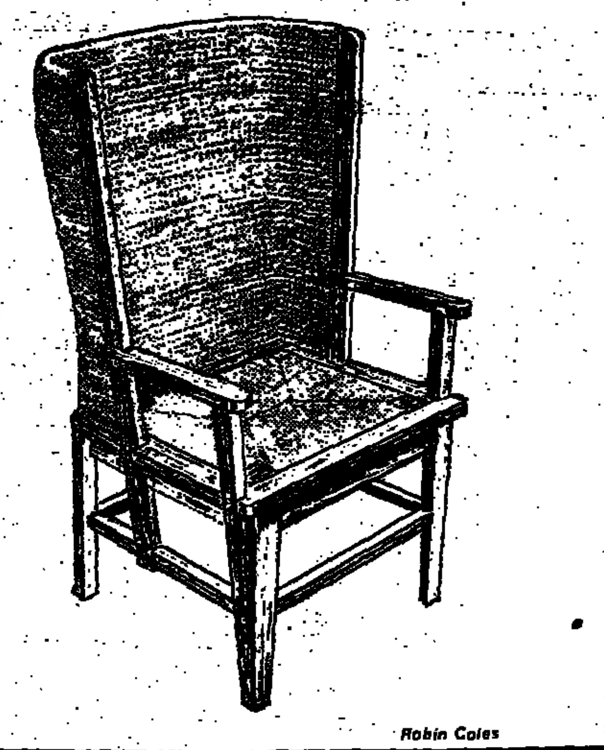
At the outbreak of war, chair production ceased for some 17 years. When it was revived in 1956 it emerged in more sophisticated form, made of prime oak, finished with linseed oil.

Today the tradition goes on —but only in a few remote places, and usually in the hands of senior citizens who make the chairs in their spare time. Few youngsters, it seems, are learning the art.

Output is therefore limited, and waiting lists vary from about one year to 18 months. So those who wish a slice of island history for themselves are well advised to order now, while production continues.

The home of the Orkney chair is D. M. Kirkness, 14, Palace Road, Kirkwall, Orkney (Tel Kirkwall 2429), which is run by Maureen Lennie. Over on the island of Westray half-a-dozen crofters work part-time as the Westray Strawback Chair Producers, Westray, Orkney (Tel. Westray 323).

Designs may vary slightly from one producer to another, and prices range from around £100 to £147 for the chair as shown below. Freight is extra.



Robin Coles

Cotton on to lace

WE'RE becoming increasingly schizophrenic these days about so-called progress in the home. The more we see change about us, the more we try to put the clock back. The reversion to all things natural, pure and "honest" is contagious and apparent on all fronts — from the food we eat (the anti-preservative lobby) to the worktops we eat from (the anti-laminate movement).

Fabrics, too, come in for their share of prejudice. Cotton, linens, silks are in. Out the nylons and plastics. Which is why, according to one leading furnishing fabric supplier, there is renewed passion for cotton lace in furnishing.

It is this revival of interest in cotton lace (for use as curtains, bedspreads and cushions) that has led Margo International Fabrics, manufacturers of some of the prettiest lace around, to launch its own mail order service —and thus plug a significant gap in the domestic market.

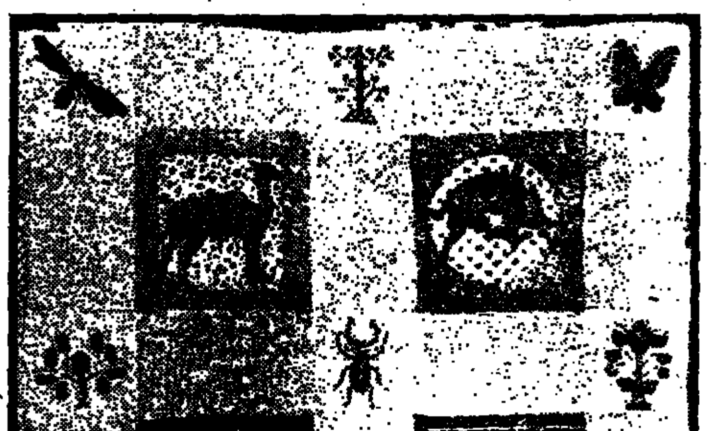
One year later, demand is stronger than ever in this country for a product that our great-grandparents took for granted, a throwback to another age. At last here is a widely-available and desirable alternative to nylon net curtains and candlewick bedspreads.

Calling itself Anna's Choice, the mail order arm of Margo International, offers the fireside shopper some 14 or so different lace designs mostly in bone shade, as either a panel, a net or brise bise (a shortened length, ideal for café curtains). On the whole, the designs —which are self descriptive with names like rhododendron, rosebud, cherubs, butterfly— are taken from Victorian originals, sometimes Italian originals and even in a few cases, freshly designed.

Prices vary from £10 for a 150 x 100 cm panel to £43 for a 320 x 250 cm panel. The Songbirds brise bise, shown above, is 56 cm deep, and costs £3.20 per metre including postage and packing. This length is popularly used as a half way curtain covering either the top half of the window (like they do in the Netherlands) or the lower half.

Find Anna's Choice in the heart of Scottish lace-making country at Belford Mills, Riverside, Kilmarnock (Tel: 0563 20115). Send £1 (inclusive of p+p) for catalogue—the new version comes out at the end of the month.

Piece Work



FOR Edinburgh-born Peggy Reid, the art of stitching fabric in pieces of eight and more together into magnificent quilts is something of a family tradition. Although she has some 20 years experience behind her, only in the past three years has she been sewing for selling. Her "overgrown hobby," as she calls it, has taken her twice to the Edinburgh Festival Fringe and this year her exhibition attracted a record 2,000 admirers.

Made entirely by hand, no two quilts are the same, though they can be similar. Anyone interested in quilts can view—by appointment only—the small stock Peggy Reid carries at either of her two addresses: 65 Clermiston Road, Corstorphine, Edinburgh 12 and at Albert Cottage, Wells Road, Radstock, Bath, Avon (tel. 0761 33453). Commissions can be discussed directly through the Bath address.

Prices vary, of course, according to materials, dimensions, and intricacy of design. As a rough guide, a patchwork cover, unquilted, for an average double bed starts at £170 and goes to about £250, if quilted.

A Highland gathering

AS SOAP provider to Balmoral and Sandringham, Nan McDougall sweetens the palms of the highest in the land. And hundreds more besides. From her converted kirk in Inverness-shire, she and her team of 30 supply leading London stores, the National Trust and now the Americans are hot on the scent of her handmade tablets with their distinctive Scottish aromas.

Like the other enterprises here, Highland Aromatics had small beginnings. "I had a sensitive skin myself so couldn't use popular soap and I hated using cleansing cream. Expensive soaps were fine which intrigued me and I set about investigating soap."

Now Nan McDougall receives grateful letters from loyal followers who find the pure, natural ingredients of her products do their problem or sensitive skins a power of good.

Soaps come in chunky round tablets, bath and guest size. Find them at Liberty, Harrods, The Body Shop of Covent Garden, in London or by mail from Highland Aromatics, Drumchardine, Kirkhill, Inverness-shire. About 90p, bath size (minimum order four), plus £1.20 p and p. Write for order form and prices.

JUDY WHALE writes: At the Highland Show this year I stood entranced before an exhibit of fairytale gossamer webs: fine Shetland lace shawls in one-ply wool. Their obvious use is as christening shawls, heirlooms to cherish. But they'd double as ethereal evening stoles — weighing about two ounces, they literally go through a wedding ring.

Two devoted ladies in the Shetlands will produce them to order: Mrs J. Mouat, Sunnieside, Haroldswick, Unst, Shetland, and Miss M. A. Smith, Brake, Bigton, Shetland. Write to them to discuss your needs and specify the size, 54 or 60 ins square. The prices are, alas, at heirloom rates: about £100, of £150 for a complicated stitch.

Celia Baker

Spinning a yarn

SPINNING TOOK over Margaret Wellington's life quite by accident. A chance meeting with an enthusiast provided the vital spark, a birthday present of a wheel from her husband kindled the flame and the bobbins on the Isle of Arran have not been still since.

Three years later, she set up her own business, Lochranza Hand Spinners, designing, spinning and knitting her own garments. She works in pure wools, Cheviot, Jacob, Shetland and when she can get it, cashmere, which are extremely lightweight and sensuously soft.

Her aim is to rid hand spinning of its ethnic image, "to show it is possible to make pretty, feminine things."

Her enthusiasm for this hypnotic hobby has now led her into teaching others during the holiday season, taking learners either part time (£1.50 per hour) or by the week on residential courses (£30 covers four days' tuition, bed and board is extra). Unlike commercial wool merchants, she does not comb, card and bleach, preferring to spin directly from the fleece. This gives the garments their cobweb airiness and means, of course, the colours are all natural. Sweaters in Shetland wool start at about £50 and in cashmere about £65. For details of her garments, tuition classes, or how to buy a spinning wheel (she sells them from £70 to £90) contact her at Broombank, Lochranza, Isle of Arran (Tel: 077-083 645).

● Above: ivory cashmere sweater, handknitted by Margaret Wellington, £65; white cotton shirt, £21.95, all Laura Ashley branches; skirt which doubles as a shawl, in new Dorcas tartan (loden, camel, white, orange), one size only, £49.50 from The Scotch House, 60 Princes Street, Edinburgh and Knightsbridge London SW1 (which handles mail order, add 75p p+p). Also the beret, £6.50 (plus 50p p+p).

Sculpture in wood

AT A time when most young people are still fretting over their futures, Tim Middleton and Steve Toon took the plunge and set up their own business in Edinburgh. They were 20 years old.

New, two years on, these two able young furniture-makers have a fistful of commissions behind them—and if Edinburgh knows what's good for her there'll be scores more discerning clients knocking on their door.

One glance at their craftsmanship, and you can see that their professional pedigree is impressive. Tim Middleton trained at the renowned John Makepeace School for Craftsmen in Wood and Steve Toon, a cabinet maker and sometime guitar maker, at the London College of Furniture.

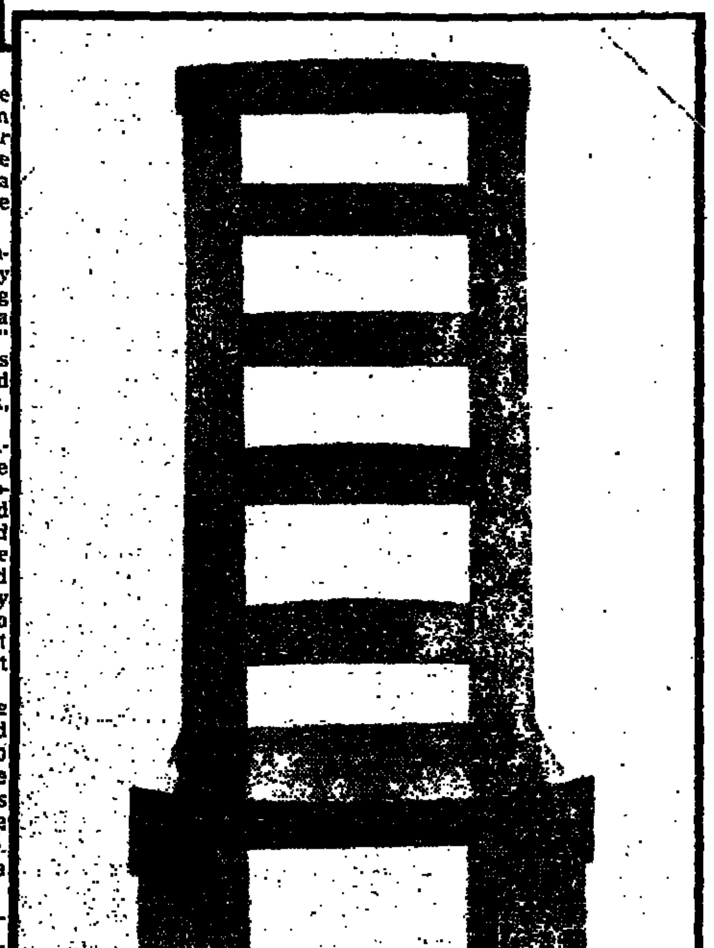
"Our aim," explains Tim "is to produce furniture as simply and as straightforwardly as possible. And to use British hardwood wherever possible. We like to show the construction of a piece of furniture rather than put it together by some mystical means as if from a factory, so it's something people can relate to."

They work mainly to commission and will consider any proposition. "We'll do anything from a box to hold an egg to a range of outdoor furniture . . ." says Steve. The choice of woods is equally comprehensive and includes cherry, ash, yew, oak, walnut and sycamore.

Two of their most interesting commissions have come from people with health problems. For an artist who suffered from varicose veins and needed a prop as he worked to take the weight off his legs they designed a lean-to stool. Currently they are working on a project for a client with a bad back who can't find a comfortable chair but who needs to sit down a lot.

The high-backed dining chair, right, is made in oak and is one of a set of 10 made to commission. £250 per chair. The solid ash stool, left, stands about 24 inches high and the seat measures 13½ inches square. It costs £55 and there is a limited number in stock.

Contact Adlestrop Woodworks, at 8, Bernard Terrace, Edinburgh, 8. Telephone first to make an appointment. Tel: 031-667 2731).



Left: solid ash stool

Right: oak dining chair

Lucia van der Post is on holiday

ARTS

Ben Kingsley

Doctor Faustus BY B. A. YOUNG

BY ROGER MATTHEWS

Marlowe's play needs a good Faustus and a director capable of making the mid-play fooleries acceptable. The first six scenes and the last three are a gift to a good speaker of verse, and in Adrian Noble's production at the Royal Exchange, Manchester, we have Ben Kingsley, intelligent and for the most part musical in his delivery.

His Faustus is a dry, academic figure who really does suggest an eminent philosopher transported into an impossible dream-world... What he doesn't suggest is that he gets much pleasure from it, except once when he bounces up and down on the Pope's throne like a little boy. He makes no change in his appearance. His is rather a one-note performance, and it is least impressive where the opportunities are greatest, in his last hour. For some reason the fine epilogue of the Chorus, "Cut is the branch that might have grown full straight" is omitted, and we end weakly on Mr Kingsley's cross "Ah, Mephostophilis!"

The nonsense in the middle of the play has been a little cut (there is no Duke of Vanholt), but much of what remains is transfigured by the beautiful visual detail imposed on it by Bob Crowley and Brian Harris, the designer and lighting designer. Mr Crowley has a gift for the exciting unexpected. The devils that torment Wagner and the Clown are two little boys on bicycles, for example.

Mr Crowley knows how diabolical small boys can be. When Mephostophilis makes his first appearance—so alarming to Faustus—it is as a half-naked boy dragging a lame leg; and when Lucifer sits high above the stage to view his work, one of his attendant devils is this same cherub... His innocence, even under a punk wig, makes his devilishness the more sinister.

Visual beauties abound. The Pope (Rowland Davies) and the captive Bruno (Ken Bones) make their august and colourful entry under a shower of rose-petals and silver confetti from above. Fine golden dust fills the beam from the spotlight that illumines Helen of Greece on her descent from the flies. There is a thoroughly frightening effect at the end, where a cloud of steam is driven by an offstage fan along a narrow beam of light at Faustus, as if an irresistible wind were forcing him into Hell.

Faustus's books lie at the top of a tall ladder in his study at the middle of the circular stage; only after rejecting the highest achievements of learning does he come down to earth, into his magic circle, which he never leaves thereafter until he is ready to go on his trips abroad.

Mephostophilis is quiet and tractable, as James Maxwell plays him under his grey monk's habit. He allows himself a look of alarmed rebuke all the same when he hears Faust say that he doesn't believe in an after-life. At the end (like the dog in *The Witch of Edmonton* that turns from black to white), he appears in the semblance of Christ crucified on the cross that has hung above the scenes at Wittenburg. No use now for Faustus to call on God. The lines are inextricably crossed.

Plaque for Chateaubriand

Homage was paid this week to the genius of Francois-René Vicomte de Chateaubriand (1768-1848), author and former French Ambassador in London, when a plaque in his honour was unveiled in Paddington Street Gardens by the present Ambassador, M Emmanuel de Margerie.

Members of the Chaeaubriand Society of France had travelled to England for the occasion and stood near the house where their hero had lived when he was a penniless refugee in London.

The Unspeakable Things BY B. A. YOUNG

Some words are so emotionally loaded that they often aren't used even when they are called for. "Cancer" is one. Another is "mutiny." The Atlantic Fleet's mutiny at Invergordon in 1930 will probably be the last mutiny HM Forces will know. When 25th East African Brigade declined to parade in 1943 over a question of embarkation leave, no one was charged with mutiny, or with anything. When the RAF went "on strike" in 1946 as a protest against delayed demobilisation, no one said anything but "strike." But the mutiny in the Atlantic Fleet was a mutiny, was called that and treated as one.

Alan Ereira's Radio 4 programme on Tuesday marked its 50th anniversary with reminiscences of officers and men, sometimes mutually contradictory. It recalled the actions of everyone from Admiral Tomkinson to Able Seaman Wincott, but added nothing. If Tomkinson's inactivity was really prompted by his sympathy with the men, a feeling shared by almost all the other officers (as we in 25th East African Brigade felt for our askaris), then we shall never know. The one truly mysterious matter is the reported presence of Admiral Sir John Kelly at Invergordon, talking to ratings ashore actually during the progress of the mutiny. Mr Ereira called HMS Valiant "it" and the ratings' cap-ribbons "labels." His clinical, impartial approach was perhaps due to a lack of the feeling of horror that the word "mutiny" would inspire in anyone who properly spoke of Valiant as "she."

Who remembers Ettore Majorana? Who, nowadays, has ever heard of him? He was an Italian physicist, a disciple of Fermi; a man rated by his contemporaries as a genius, who spoke on equal terms with Heisenberg; and who, before the beginning of the second world war, disappeared.

Radio 3 gave us on Wednesday a programme, translated from the Italian of Leonardo Sciascia by Gabriel Josepovici and Sacha Rabinovich, that provided some account of his disappearance.

He was an atomic scientist of the first class, though oddly causual in his working methods. He used to scribble complex equations on a cigarette packet as he rode on a tram to visit Fermi, and having discussed them, he would throw them away. In 1938 he wrote suicide notes, drew all his money out of the bank, took his passport and embarked on the steamer from Naples to Palermo. He was never seen again.

Sciascia has unearthed various clues, none of them enough to establish what happened after that journey. Possibly Majorana jumped overboard into the sea; on the other hand there are witnesses who claim, though without certainty, that he returned to Naples on another ship. It was thought that he might have entered a monastery, and indeed 20 years later there was an account of a monastery in which a "very great scientist" was living. To add colour to that story, the same monastery was said to house one of the crew of the aeroplane that bombed Hiroshima.

Sciascia, whose programme, produced by Richard Keen, was of absorbing interest, believes that the disappearance must have been caused by Majorana's realisation that atomic physics had reached the point where the atomic bomb would have to follow. He was a religious as well as a scientific man and for him a world in which such a weapon was available to Mussolini and Hitler would be insupportable. If his knowledge had been available to the dictators, we may be grateful indeed that he withheld it—a gratitude, as Sciascia remarked, unlikely to be shared by the inhabitants of Hiroshima and Nagasaki.

A single voice playing a single character non-stop for 90 minutes is a daunting enterprise and David Buck must be congratulated on having kept Falstaff (Radio 3 last Sunday) lively throughout. He made his own adaptation of Robert Nye's novel, which is 450 pages long and marvellous and a lot has had to be left out. Mr Buck has played safe by keeping to open-air matters and leaving Falstaff's sex-life obscure. We begin with boyhood memories of the Black Death and of the sea-fight at Sluys, when Falstaff was squire to the Duke of Mowbray; and there are rousing recollections of Harfleur and Agincourt (where he was in charge of the baggage). For the truth is that Mr Nye's Falstaff is a liar of outstanding proportions; Shakespeare doesn't tell us the half of it, though Mr Nye's Falstaff describes his own death in Shakespearean terms.

Macbeth BY ARTHUR JACOBS

In today's climate of connoisseurship Verdi is venerated, and even such a work as *Macbeth* comes fairly frequently before the public in new productions and recordings. It was not always so. The opera was never staged in Britain until Glyndebourne took it up in 1938. The metamorphosis of Shakespearean tragedy into mid-19th century Italian opera was formerly reckoned clumsy and indeed embarrassing. What need had Lady Macbeth of a jaunty drinking-song, what need for the three witches to be changed into a chorus with dance music?

I confess to sharing this "old-fashioned" view. So if I felt quite unmoved by the new production offered by Opera North, this must be ascribed solely to the performers. Unveiled at the Grand Theatre, Leeds, on Thursday, this has been financed as a co-production with Welsh National Opera. Michael Geliot of the Welsh company is the producer, with David Lloyd-Jones of Opera North as conductor.

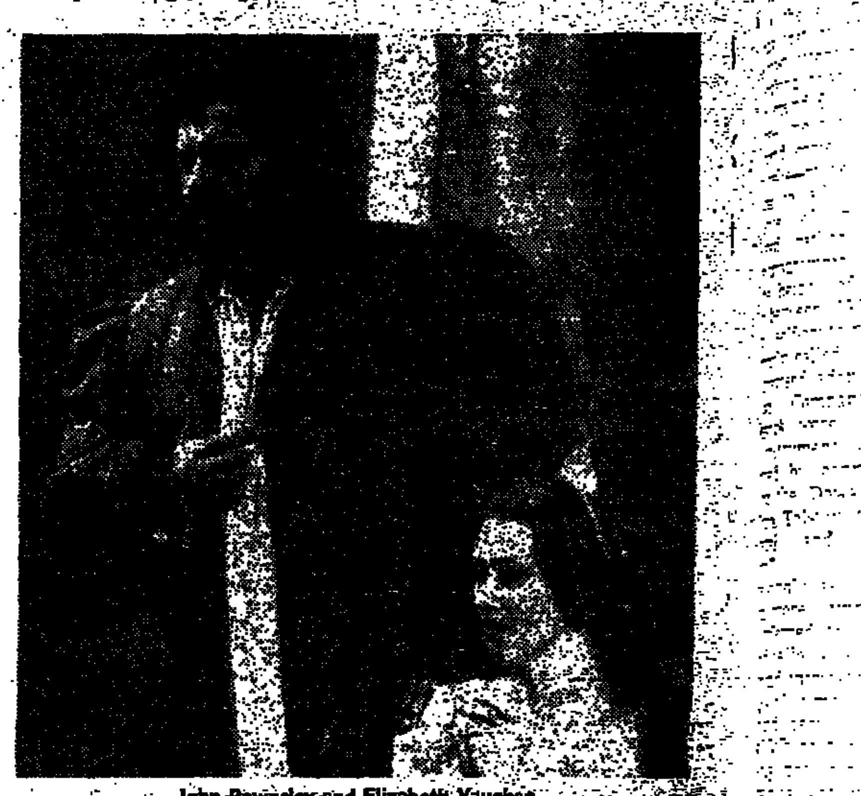
A reduction of the four acts into three (two intervals only), mitigates the excessively episodic nature of the work, but John Gunter's scenery speaks more of economy than atmosphere. The room in which Lady Macbeth greets her victorious husband seems to belong nowhere at all, and a peculiarly ornamental wood serves as background to Banquo's murder. Mr Geliot himself is presumably responsible for the change in the opening scene. Shakespeare's "blasted heath" of Verdi's "wood" becomes a battlefield, so that we can have a scene of silent combat before the witches appear. As if Verdi, had he wanted that, would not have the wit to ask for it! Later Mr Geliot manages the supernatural apparitions well, but shows less than his usual skill in the movement and grouping of his human characters.

If anything can bring Verdi's *Macbeth* to a semblance of life, it is firstly a Lady Macbeth who can match the fireworks of her opening aria with the pathos of her sleepwalking scene, and secondly a Macbeth with a voice and manner to convince us that villainous ambition can end in remorse of almost heroic proportions. (Here it helps if, as in this case, the baritone is allowed to retain the final aria, "Pieta e, Rispetto Amore," which belongs not to Verdi's final version of the work, but to the earlier version which he threw over.) Neither of these impersonations was sufficiently realised here. In her first aria, Elizabeth Vaughan was squally at top, hooty at bottom. The voice improved later, and the sleepwalking scene was well executed except for the high "D" flat (virtually impossible of achievement as Verdi wanted 'like a thread of voice'. But all the time Miss Vaughan seemed to be struggling to operate some sort of Italian music machine and Lady Macbeth herself was somewhere else.

John Rawnsley is one of our most promising young baritones — the winner of the John Christie award at Glyndebourne, where he sang the title role in Rossini's *Barber of Seville* this summer. Although on that occasion I thought his comic style misdirected, it is clear that his voice is at present delightfully apt for Rossini and Mozart. The deeper-coloured menacing tones needed for Verdi's Macbeth are not yet his and I should be sorry if his attempt — or his forthcoming Rigoletto for the Coliseum — were to push him in the wrong direction.

He delivered his lines very well, however, enabling the audience to relish the skill of Andrew Porter in a translation which manages to accommodate Shakespeare's original words when it can. No less clear in articulation, and superior in the warmth and command of his singing, was John Tranter, as Banquo—the best of many roles I have heard him sing with the company. Anthony Roden delivered in suitably ringing tones the aria of fatherly pathos which Verdi considered suitable for MacDuff.

The chorus, encouraged by the composer to lend a raucous tone to the witches, was also musically rought in a less agreeable sense. That was unexpected in Leeds, but on the other hand, the playing of the company's orchestra continues to impress in sonority and precision. Mr Lloyd-Jones should be proud of it.



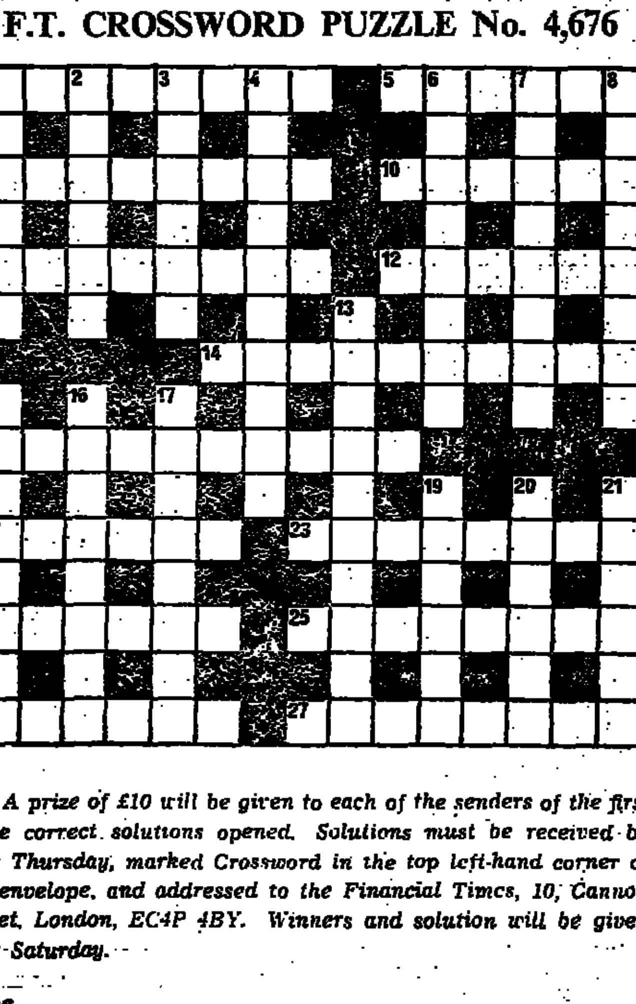
John Rawnsley and Elizabeth Vaughan

Imperial Group to sponsor Royal Opera's 'Trovatore'

The Royal Opera House has announced that the Imperial Group will sponsor the forthcoming series of nine performances of Verdi's Il trovatore which opens on December 10 at Covent Garden.

In this December/January revival Joan Sutherland will sing Leonora; a role she has not previously sung in London, and the Russian mezzo-soprano Elena Obratsova will make her Covent Garden debut as Azucena; Franco Bonisolli sings Manrico and Yuri Masurok, Count di Luna, both for the first time in Great Britain. Richard Bonynge conducts Il trovatore for the first time in London.

F.T. CROSSWORD PUZZLE No. 4,676



A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....

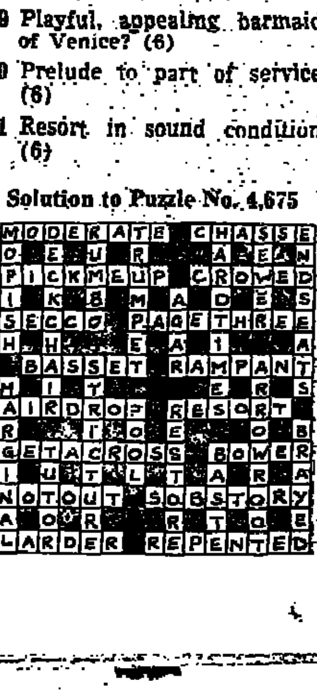
ACROSS

1 Trumpeter's final air? (4-4)
5 Basket-shackle (6)
9 Ringing the changes astern —no! (8)
10 Enemies encircling Red Cross—Army, Navy and Air Force needed (6)
11 Austere social regime of the independent MP? (3-5)
12 Snatched from the Solent (6)
14 Skin trouble—it smarted—I got distressed (10)
18 Foot's resistance? (10)
22 Handy basketball in Spain? (6)
23 Openly condemn study by lightweight (8)
24 It is triumphantly effective for each in bus reversing (6)
25 Station-wagon? (8)
26 To soak right through, use physical force (6)
27 Whereat, a variety—a variety of chat? (8)

DOWN

1 Ply in London thoroughfare (6)
2 Missing sailor transported (6)
3 Common lid for baked beans? (3-3)
4 Club for those getting less than a score, of course (10)
6 A teapot's broken—he'll abandon the party! (8)
7 Steal some silver—English copper brought in (8)
8 Some blooming hopeful quality? (8)
13 Straiten but improve his development (10)
15 Settled down and made a score (8)
16 Bed of discontent can still be sweet (5-3)
17 Mysterious, like some strange coteries (8)
19 Playful, appealing barmaid of Venice? (6)
20 Prelude to part of service (6)
21 Resort in sound condition (6)

Solution to Puzzle No. 4,675



TV/Radio

BBC 1

† Indicates programme in black and white

8.05-8.30 Open University (Ultra High Frequency only). 9.05 Play Golf. 9.30 The All New Popeye Show. 9.50 The Monkees. 10.15 Battle of the Planets (Cartoon series). †10.35 Edgar Kennedy in "Slightly at Sea." 10.52 Weather. 10.55 Ryder Cup Golf: Great Britain and Europe v the United States.

12.30 pm Grandstand: 12.35 Football Focus; Boxing (1.05) European Middleweight Championship, Alan Minter v Tony Sibson; Ryder Cup Golf (1.20, 2.10, 3.10, 3.55); Racing from Newbury (1.50, 2.20, 2.50, 3.20); Athletics: The British League Cup Finals (2.40, 3.55); 4.30 Final Score.

5.10 Kung Fu.
6.00 News.
6.10 Sport/Regional News.
6.15 Larry Grayson's Generation Game.
7.10 Juliet Bravo.
8.00 Summertime Special.
8.45 Flamingo Road.
9.35 News and Sport.
9.50 Match of the Day
10.50 "The Pirate" by Harold Robbins (two-part television version).

All Regions as BBC1 except as follows:

Cymru/Wales—6.10-6.15 pm Sports News Wales.

Scotland—4.55-5.10 pm Scoreboard. 6.10-6.15 Scoreboard. 9.50-10.50 Sportscene from Scotland. 12.20 am News and Weather for Scotland.

Northern Ireland—5.00-5.10 pm Scoreboard. 6.10-6.15 Northern Irelands News and Sport. 12.20 am News and Weather for Northern Ireland.

England—6.10-6.15 pm (South-West only) Saturday Spotlight.

BBC 2

7.40 am-2.20 pm Open University.
†2.55 pm Saturday Cinema 1: "Cavalcade" starring Diana Wynyard and Clive Brook.
4.40 Ryder Cup Golf.
†5.30 Saturday Cinema 2: "No Room for the Groom" starring Tony Curtis.
6.50 Mid-Evening News.
6.55 Leeds International Piano Competition from Leeds Town Hall.
9.15 Rugby League (Preview of the 1981-82 Season).
9.50 Alec Guinness in "Tinker, Tailor, Soldier, Spy."
10.35 Leeds International Piano Competition: Announcement of the result.
10.50 Ryder Cup Golf (Report on the day's play).
11.40 News On 2.
†11.45 Midnight Movie: "The Rise and Fall of Legs Diamond" starring Ray Danton and Karen Steele.

LONDON

8.35 am Sesame Street. 9.35 Joe 90. 10.00 Clapperboard. 10.30 Tiswas.

12.30 pm World of Sport: 12.35 On the Ball; 1.00 The Manx Rally; 1.15 News; 1.20 The ITV Seven from Ayr and Catterick; 3.10 Snooker: Jameson International Open Championship; 3.45 Half-time Soccer Round-up; 4.00 Snooker (Jameson International Open Championship); 4.50 Results.

5.05 Metal Mickey.
5.35 News.
5.40 The Pyramid Game.
6.10 Chips.
7.00 Punchlines.
7.35 Take a Letter Mr Jones.
8.05 Vegas.
9.00 News.
9.15 "Night Rider" starring David Selby.
10.40 Snooker: Jameson International Open Championship.
12.00 Police Surgeon.
12.30 am Close: Personal Choice with Katharine Whitehorn.

All IBA Regions as London except at the following times:

ANGLIA

9.00 am Sesame Street. 12.00 midnight The Amazing Years of Cinema. 12.30 am At The End Of The Day.

ATV

9.10 am A Better Read. 9.35 The Television Programme.

BORDER

9.10 am A Better Read. 9.35 The Television Programme. 8.05 pm Hagen.

CHANNEL

No variation from London Weekend.

GRAMPIAN

9.10 am Joe 90. 9.35 Cuir Car. 6.10 pm The Incredible Hulk, followed by Highland League and Shinty Results. 8.05 Hawaii Five-O. 12.00 Reflections.

GRANADA

9.35 am The Television Programme. 6.10 pm The Incredible Hulk. 8.05 The Streets of San Francisco. 12.00 Hammer House of Horror.

HTV

9.10 am The Television Programme. 9.35 The Further Adventures Of Oliver Twist. 12.28 pm HTV News. 5.39 HTV News. 8.05 Hawaii Five-O.

HTV Cymru/Wales—As HTV West except: 5.05-5.35 pm Raa Sgwar.

SCOTTISH

9.10 am A Better Read. 9.35 The Television Programme. 6.10 pm Best Disco in Town. 12.00 Late Call.

SOUTHERN

9.00 am Sesame Street. 9.57 Regional Weather Forecast. 6.10 pm The Incredible Hulk. 9.15 "Melvin Purvis G-Man," starring Dale Robertson. 12.00 Southern News. 12.05 am Paris By Night.

TYNE TEES

9.00 Cartoon Time. 9.15 Herculoids. 9.40 Thunderbirds. 5.40 pm North East News. 12.00 Superstar Profile. 12.30 am Poets Corner.

ULSTER

1.18pm Lunchtime News. 5.00 Sports Results. 5.38 Ulster News. 6.10 Chopper Squad. 8.05 The Incredible Hulk. 9.14 Ulster Weather. 12.00 Bedtime.

WESTWARD

9.25 am Look And See. 9.30 Stingray. 9.55 Gus Honeybun's Birthdays. 12.27 Westward News. 8.57 Westward News. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

9.00 am A Better Read. 9.25 Cartoon Time. 9.35 Sha Na Na. 12.00 midnight Peterborough Festival of Country Music.

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Playground. 8.00 Tony Blackburn with Junior Choice. 10.00 Steve Wright. 1.00 pm 25 Years Of Rock (S). 2.00 A King In New York (S). 2.05 Star Wars (S). 2.30 Paul Gambaccini (S). 4.00 Walters' Weekly (S). 5.00 Rock On (S). 6.30-7.30 In Concert (S).

RADIO 2

5.00 am Tony Brandon with The Saturday Early Show. 8.05 David Jacobs presents Star Sounds (S). 10.00 Pete Murray's Open House (S). 12.00 Two's Best (S). 1.02 Sports Desk. 1.03 Punch Line. 1.30 Sport On 2: Football: Second-half commentary on a top game of the day (at 3.55), score flashes and news from other matches. Ryder Cup Golf: Britain and Europe v America; Newbury Racing at 2.00, 3.00 and 3.30; 5.00 Classified Football Results; 5.45 Classified Racing Results; 5.50 Latecomer's Football Check. 6.00 Country Style. 7.00 Three In A Row. 7.30 Big Band Special with the Radio Big Band (S). 8.00 Saturday Night Is Gala Night (S). 8.40 Till The Clouds Roll By (S). 9.00 Saturday Night Is Gala Night, part 2 (S). 10.00 Hilversum Greets Radio 2 (S). 11.02 Sports Desk. 11.10 Peter Marshall's Late Show (S). 2.00-5.00 am You And The Night And The Music (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 Bandstand (S). 11.45 Diversions (S). 1.00 pm News. 1.05 Forqueray and Marais (S). 2.00 Play It Again (S). 4.10 The Polignac Salon (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 The Classical Guitar (S). 7.30 Chicago Symphony at the Festival Hall: Mahler Symphony No. 9 (S). 9.00 The Festival Scene in America. 9.20 Linda Hirst song recital (S). 10.00 Barnes' People. 10.20 Widor Symphonies (S). 11.00 News. 11.05-11.15 Haydn (S).

VHF only—Open University: 6.15-7.55 am and 11.15 pm-11.55.

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; Programme News. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather; Programme News. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Breakaway. 9.50 News Stand. 10.05 Conference Special: The Liberal Party Assembly reviewed by two of the delegates, with political correspondent David Coss. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm Instant Sunshine and ... the Cambridge Buskers (S). 12.27 I'm Sorry, I Haven't a Clue (S). 12.55 Weather; Programme News. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.0 News. 2.05 Wildlife. 2.30 Thirty-Minute Theatre. 3.00 Medicine Now. 3.30 Enquire Within (S). 3.40 A Man of Pleasure. 4.10 Profile. 4.30 Does He Take Sugar? 5.00 Going Solo. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.15 Desert Island Discs (S). 6.55 Stop the Week Again with Robert Robinson. 7.35 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Soldiers of Fortune (S). 11.00 Lighten Our Darkness. 11.15 No Handicap: Ian Dury, a musician with a physical disability, talks about his life. 11.45 Colombia's Pot of Gold. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 7.30 News. 7.32 Good Fishing. 8.00 News, weather, traffic, sport. 8.15 Weekend What's On. 8.30 Bob Powel's London Country. 10.00 News. 10.03 Stuart Colman's Echoes. 11.30 The Robbie Vincent Show. 2.00 pm Breakthrough. 4.00-5.00 am Join Radio 2.

Capital Radio

7.00 am Graham Dene's Breakfast Show. 9.00 Countdown. 12.00 Dave Cash's Cash Country. 2.00 Duncan Johnson's Afternoon Delight. 5.00 Greg Edwards's Soul Spectrum. 8.00 The Sounds of a City. 9.00 Capital Re-Cap with David Briggs. 10.00 Roots Rockers with David Rodigan. 12.00 Midnight Special.

TV RATINGS w/e Sept. 13

BBC-1

1, Larry Grayson's Generation Game; 2, Blankety Blank; 3, Juliet Bravo; 4, Nine O'Clock News (Wed); 5, Angela Rippon Meets; 6, Salem's Lot; 7, The Odessa File; 8, Athletics; 9, Only Fools And Horses . . . ; 10, Summertime Special.

ITV

1, Only When I Laugh (Yorks); 2, The Deep (ITV); 3, Coronation Street (Mon) (Gran); 4, Coronation Street (Wed) Gran); 5, Never The Twain (Thames); 6, The Morecambe And Wise Show (Thames); 7, The Flame Trees Of Thika (Thames); 8, MC Q (ITV); 9, The Amazing Spider-man (ITV); 10, Keep It In The Family (Thames).

BBC-2

1, Secret Army; 2, The U.S. Open Tennis Championships (Sun); 3, The World About Us; 4, Jack High (Sun); 5, Grand Prix; 6, Sunday Grandstand; 7, Alec Guinness in Tinker, Tailor, Soldier, Sailor, Spy; 8, Enigma; 9, News Review; 10, Romer's Egypt.

Figures prepared by Audit Bureau of Great Britain for the Joint Industry Committee for Television Research (JICTAR).

V&A print room closure

The Victoria and Albert Museum's print room will be closed from October 3 for about five or six months to enable the Department of Prints, Drawings and Photographs, and Paintings to move to the Henry Cole Building, adjacent to the Museum.

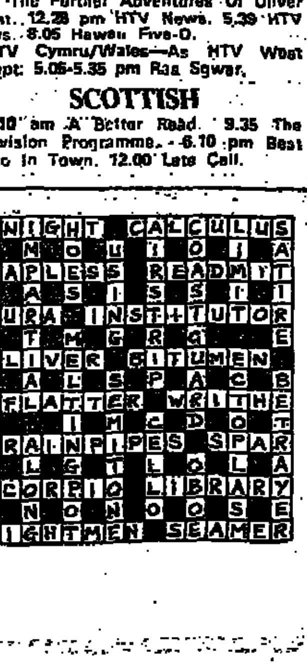
The department will inevitably be closed for both its opinions and loans service during this period.

Solution and winners of Puzzle No. 4,670

Mr J. Morgan, 23 Woodside Avenue, Bridge St Weir, Renfrewshire, PA11 3PQ.

Mrs Carter, 75 Charltonbury Way, London N12 7AA.

Mrs H. P. Macaulay, 23 Fullarton Drive, Troon, Ayrshire, KA10 GLE.



CHESS SOLUTIONS

Solution to Position No. 389

1 NxP! PxN (if QxB; 2 NxB dis ch); 2 QxP ch, K-R1; 3 RxB ch, RxR; 4 R-KN1! Resigns.

Solution to Problem No. 389

1 R-N6 (threat 2 R-K6), KxN ch; 2 R-QB6, or if RxN; 2 R-N4, or if R-R5; 2 Q-B3, or if P-K4; 2 N(B7)-Q6, or if B-Q5; 2 N-N3, or if B-Q4; 2 QxBP.

COLLECTING

Magical machines

BY JUNE FIELD

IS YOUR home music organised for the long evenings ahead? And that does not mean tape, cassette and stereo. It is for the old-fashioned sounds that a new breed of collectors have appeared, prepared to give house room not only to portable items like 19th century musical boxes and singing-bird automata, but to bigger pieces such as barrel organ, player piano and jukebox.

Phillips, who already conduct traditional musical instruments auctions (although last week's sale included a 17th century hurdy-gurdy among the flutes, flageolets, bugles and recorders), are holding their first piano sale on Friday. And for future sales they are looking for unusual musicalia and fine pianos, not run-of-the-mill uprights for which they say there is little market. So catalogued with the concert pitch Steinway's and fine-toned Bechstein's there are the novelties—a wind-up gramophone concealed within a cabinet styled like a mini-grand piano, and a coin-operated street piano rather like a barrel organ, where you turn the handle to play 10 tunes. (Concert quality too, of course, is the world's largest piano, a white-painted 1¼-ton, 11 ft 8 in long Challen grand built in 1935 to commemorate the Silver Jubilee of King George V and Queen Mary, estimated to fetch anything up to £10,000.)

It is the six player pianos though that could well attract the most attention with those in working order estimated to fetch around £3,000 each. Some of these mechanical purveyors of sound come complete with their rolls—made of paper perforated to allow the correct sequence of notes to be operated, rather like a computer programme. In America, at the height of their popularity between 1900 and 1920, these self-contained players commonly called "pianola," an unauthorised adaptation of the Aeolian Company's pianola trademark, were advertised as "An instrument with a soul—approved by connoisseurs, including the Dowager Empress of China, Tolstoy, the composer Mascagni and Sir Harry Lauder."

Less kindly, as their workings became more complicated, they were referred to as "a mystic maze of bellows, wheels, tubing, valves and intricate mechanism, ready at all times to get out of order and decidly expensive to repair." Which they are, understandably, providing as they do, such magical entertainment. We have a Duo-Art Steck boudoir grand, a "reproducing piano," electrically operated, which takes rolls which reproduce the dynamics of a concert pianist, that is reproducing not only the timing of a pianist playing the keys, but also the pressure he used. When the neighbours say "how beautifully your husband plays," I hardly like to admit it is Paderewski on a roll.

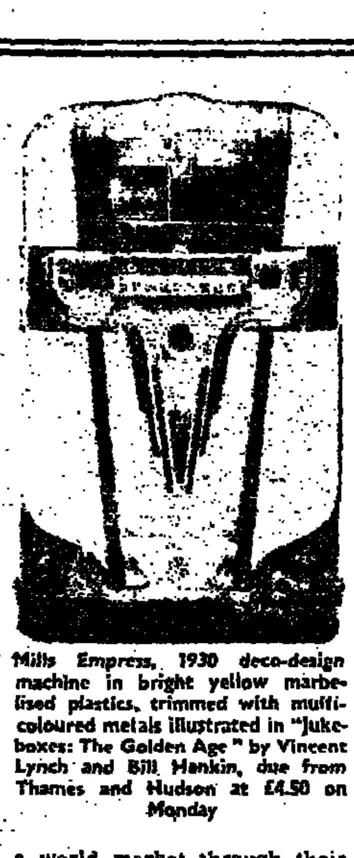
According to a fascinating new book out on Monday, it is for jukeboxes that a spate of new collectors have appeared. "These are the people who . . . (have) come across the charm, in artifact and tale, that makes the machines more than simply pretty record-changing devices," say Vincent Lynch and Bill Henkin in *Jukeboxes: The Golden Age* (Thames and Hudson, £4.50) a tour-de-force of brilliant colour photography by Kazuhiro Tsurata.

"Juke" is said to be a corruption of "Jook" a word of African origin, meaning to dance, used among the American negroes, or of jute, used by those who worked in the jute fields back in the 1920s, who relaxed in the roadside cafes where there was an automatic phonograph. The French call a jukebox a *phonograph a sous*, which the new Cassell English Dictionary describes as "a mechanical music box operated by the insertion of a coin."

Illustrated is a fantastic collection of multi-coloured electronic monsters whose history stretches back to Edison, but whose heyday was the 1930s and 1940s, easily recognisable by their rich art deco designs, incorporating illuminated plastics, gleaming chrome and etched glass. Wurlitzers, Rock-olas, and Packards vie for attention with their fluorescent tubes, incandescent bulbs and colour wheels, as well as the Ami Singing Tower, with 20 selections on 10 discs, the first jukebox capable of playing both sides of single records. The only low-key version is the Wagon Wheel in an antique-type cabinet, "styled to harmonise with the finest furnishings."

If you want a working Wurlitzer or similar, then Mr Christopher Pearce, who began collecting three years ago, and who supplied the six juke boxes for the "Penny In The Slot" exhibition at Camden Arts Centre in November, is now in business as The Vintage Jukebox Company. In addition to selling and restoring machines, his company manufactures reproduction plastics parts and ornate metal castings, supplying a world market through their American distributor: "Very few jukeboxes came into Britain until the mid-1950s, and we therefore have to import the machines ourselves. The cost of this and the extra work involved in converting the machines to run on English electrical current has to be reflected in the price. A fully restored 78rpm jukebox can cost from £2,500 upwards, less if the innards are all right.

Full restoration involves repairing, replacing and refinishing exterior wooden surfaces, matching up missing pieces in the right grain, and replacing any damaged glass portions. Inside mechanical workings such as gears, levers, and wheels all have to be checked over and rebuilt, with turn-table parts re-done. The tone-arm and speakers might also have to be re-built, plastics sanded to their original lustre, lighting re-wired and so on. If you feel that you can cope with the above labours, then boxes in the rough do come up from time to time at Sotheby Belgravia, and two months ago Phillips sold one for £100.



Mills Empress, 1930 deco-design machine in bright yellow marbelised plastics, trimmed with multi-coloured metals illustrated in "Jukeboxes: The Golden Age" by Vincent Lynch and Bill Hankin, due from Thames and Hudson at £4.50 on Monday

Note:

Piano sale catalogue, £1.14 including postage from Bill Quayle, Phillips Marylebone, Hayes Place, London NW1. Jukeboxes: The Golden Age, from bookshops or £4.50 including postage from Kate Beney, publicity controller, Thames and Hudson, 30-34 Bloomsbury Street, London WC1, and details of machines and spare parts from Mr Pearce, The Vintage Juke Box Company, 35 Dudden Hill Lane, NW10.

GOLF

Americans too complacent

GOLF
BEN WRIGHT

THE STRONGEST American team ever to defend the Ryder Cup came to Walton Heath with a blockbuster reputation, having won 36 major titles between them. The Americans have only lost the match once since the Second World War, in 1957 at Lindrick and before that were last beaten in 1933. But with that enviable record they were entitled to a certain complacency and this I feel has been their downfall on one of the greatest first days for the downtrodden British, Irish and Europeans one can ever remember.

The gap between the Americans and the Europeans has always been made apparent in these matches because the Americans have so much greater strength in depth. It has always been the unfortunate duty of our captain to try and hide the weaker members, but this is no longer the case.

Our captain John Jacobs has 12 fine players at his disposal and the overall performance could hardly have been bettered, although it was slightly disappointing that our top pair should lose this morning by virtue of not being able to make par three at the 165 yards 17th hole.

After the morning foursomes had been shared, each side winning two matches, the American captain Dave Marr, the 1965 U.S. PGA champion who is now better-known for his TV commentaries, found himself in an awkward position. He had committed himself publicly in advance to use all his 12 players on the first day, and suddenly he found himself resting the three legendary members of the strongest-ever team to play for the trophy, Jack Nicklaus, Tom Watson and Lee Trevino.

And a fourth, little Larry Nelson, who was the hero of the 1979 match, when he won all his five matches, was the fourth player rested. Marr found himself going with the two pairings who had both lost in the morning. They thus had a chance to redeem themselves, but obviously in the 20-20 vision of hindsight Marr's judgment has to be questioned.

One also must question Marr's judgment in playing Rogers twice, since the slim Texan had hurried over from Japan after his famous victory there last week to play in the match, and quite obviously his jet lag was more severe than those of his teammates. Certainly Rogers was a shadow of the player who performed so brilliantly at Sandwich in July, and Lietzke, who hits the ball so high, was obviously discomforted by the brisk breeze which came more from the south than the south west, all day, and blew up more than its fair share of squally showers.

Eventually, soon after 3.30, play was stopped for half an hour by a thunderstorm, and one feared for the Europeans after the break. In similar circumstances two years ago in America play was washed out on the first morning of the match with the Europeans leading in the three matches, and down in one. When play was resumed we lost all those matches in which we had a lead at the break, and Brian Barnes and Bernard Gallacher came back to win a match in which they had been trailing.

Back to the morning. In the top match Bernhard Langer, the first German ever to play in the match, was plainly nervous and for once a little below the extraordinarily high standard he sets himself.

His partner, Spaniard Manuel Pinero, was in all fairness the strong man of the combination, but although their opponents, Lee Trevino and Larry Nelson, possibly the two straightest drivers in the world, were not quite at their best either, they were just a touch better than the Europeans and held on for the narrowest of victories by one hole.

Sandy Lyle and Mark James were an unbeaten combination in international amateur golf. They were expected to be the strong men of the team and this is how it turned out as they disposed readily of poor Rogers and Lietzke by two and one in a match that was not remarkable for the brilliance of the scoring.

In vivid contrast was the performance of Scotsman Gallacher and Smyth in the third match against possibly the strongest American pairing.

In the last match Peter Oosterhuis and Nick Faldo, the tried and trusted British pairing, were also not quite at their best and the vaunted partnership of Watson and Nicklaus pounced on them mercilessly with a burst of four birdies in five holes around the turn that were decisive and allowed them to coast to victory by four and three.

There was a time when one feared that the Europeans would fall apart in four ball play, so much the American game. But of the afternoon matches the Europeans excelled themselves and at the moment have already got two wins under their belts and a tremendous half point earned in the top match when Scotsman Sam Torrance and Yorkshire's Howard Clark came back from two down with eight holes to play to escape with their half against the brilliant American combination of Tom Kite and Johnny Miller. Both pairs had a better ball score of 65, but it is a tribute to the Britishers that they came back after Miller had holed a long bunker shot for an eagle two at the 340 yards 10th hole to put his side two-up for the second time.

Lyle and James carried on where they had left off this morning and were always too strong for Ben Crenshaw and Jerry Pate in the second match of the afternoon. The British were out in five under par 31, put three more birdies on the card after the turn, and when they won by three and two were no less than eight under par against the five under of their hapless opponents.

In the last match at the moment there is very little in it but Irwin and Floyd are leading Gallacher and the Irishman Eamonn Darcy by one hole with five to play. The sum total of a great day is that we must lead at the end of it.

Pick of the new roses

GARDENING
ARTHUR HELLYER

THE AUTUMN show of the Royal National Rose Society, held in London last week, included a display of all the new roses that have received awards this year after three years' trial at St Albans, as well as winners from some previous years. This provided an excellent opportunity to assess the main trends of rose breeding today and incidentally revealed that there was a significant increase in awards this year, though my impression was that this indicated increased generosity on the part of the judges rather than any marked increase in the number of really distinctive new roses. However, distinction there certainly was and the best were very good indeed.

One thing I found puzzling was the continued use in the description of new roses of what I believed to be the completely discarded old term "floribunda/hybrid tea type." Not only does this not appear in the RNRS new classification but I do not think it has ever had any official definition and, as applied at this show, it seemed to be utterly confusing. I would expect it to signify a rose that produced small, very shapely roses in clusters but some of this type were simply described as floribundas and others, described as HT type floribundas, had rosette flowers. If the term is to have official recognition it seems desirable that the RNRS should give it a clear definition and ensure that breeders do not use it wrongly, at least at RNRS exhibitions. The present situation seems anarchic with each raiser classifying introductions according to his own whim.

Happily there were quite enough fine new roses correctly described—though in the old fashioned but fully defined term, which I shall use here—to content any enthusiastic rose grower. I have no quarrel at all with the "rose of the year," Anna Ford, which is both beautiful and unusual and won the President's International Trophy and a gold medal for the raisers, Harkness of Hitchen. At first sight it looks like a miniature for its flowers and leaves are small, but not, apparently, quite small enough, nor is the bush short enough, for that class. It is, nevertheless, compact and about 18 in high, ideal for small gardens and containers. It is described as a dwarf floribunda and if, as seems probable, there are to be a number of roses of this type in the future, it might be wise to add a new class, with clear definition, to contain them.

Certainly there were others that looked much like it in habit including Peek-a-Boo from Dickson Nurseries, a small orange rose which was simply described as a floribunda. It had been awarded a Certificate of Merit.

Anna Ford is orange vermilion, brilliant but not at all harsh. It is immensely profuse and carries its flowers in close clusters so that the mass effect is superb. It seemed to me to have a little scent but the raisers make no claim for this.

Also from Harkness came Clarissa, described as a genuine miniature though oddly enough, as shown, it looked rather taller than Anna Ford. It is soft orange with neat little flowers which in shape and style made me think of that old charmer Cecille Brunner.

Another new rose I liked very much was St Boniface, a quite large flowered, deep vermilion floribunda from the German breeder W. Kordes. It is so vivid in colour that it will need careful placing in the garden but it looks a stunner and I was a little surprised that it went no higher than a Certificate of Merit. This looked gold quality to me but of course the trial judges have been observing it growing for three years which is very different from seeing it once, at a show, as cut flowers.

The Henry Edland Memorial Medal for the most fragrant rose on trial was awarded to an as yet unnamed rose raised by an amateur, Mr J. Sheridan of Catford, London. It is really astonishing that private gardeners with limited resources can score over all the professional breeders raising many thousands of seedlings annually. But it has always been so. One remembers Mr A. Norman years ago and his numerous successes including Frensham and Ena Harkness, and there were two other amateur award winners this year, Mr L. Scrivens of Kidderminster with an unnamed scarlet floribunda and Mr M. J. Law of Bedford with a deep peach pink hybrid tea, also as yet unnamed, both of which received Trial Ground Certificates.

Last year Mr Law really swept the board, taking the President's International Trophy, the Henry Edland Memorial Medal and a gold medal with Rebecca Claire, a lovely salmon hybrid tea with clear evidence of floribunda influence in the way it carries its large but rather short flowers in clusters. It has been taken up commercially by Andersons of Aberdeen.

Mr Sheridan's winner was one of those confusingly described as floribunda hybrid tea type. To my eyes it is a straightforward hybrid tea with quite large and shapely flowers, edged with cerise and decidely showy. Scent at the show was pleasant but not strong and its next door neighbour, a fine vermilion hybrid tea from Kordes, code named Kortember and to be distributed in Britain by John Mattock of Oxford, actually had a richer perfume.

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CHESS

LEONARD BARDEN

MANCHESTER'S Benedictine tournament, now in its fourth year, has progressively gained in quality on each staging. The 1981 version last week was the strongest event ever held in the North, with five grandmasters and 19 IMs in a field of 74. Even late withdrawals from Nunn (who caught Hong Kong flu in South Africa) and Smyslov and Shamkovich (exhausted by their young opponents at Lloyds Bank) still left a genuine GM contest.

In the event, all the continental and U.S. candidates for the GM title were disappointed. Tony Miles, in his best form, and Ray Keene, at or near the top throughout, dominated the play. Final leading scores were Miles 7½ out of 9; Gurevich and Kudrin (both U.S.) and Keene 6½; Murey (Israel), Fedorowicz, Strauss and Tisdall (all U.S.), Kuligowski (Poland), van der Sterren (Holland) and Hodgson (England) all 6.

The Benedictine provided an English success on two fronts; our younger players in contention for IM and FIDE Master titles had a field day. There were IM results for Davies (20), and Hodgson and King (both 18); FM scores for Byron (18), Wells (17) and Hanreck (27); and a women's master norm for Clare Whitehead (17). Davies and Ian Wells made sure of their titles subject to FIDE ratification.

It is clear from Lloyds Bank and Benedictine that this rising generation shows similar promise to Miles, Stean and Nunn a decade ago. But will they have equivalent opportunities? Between now and the 1982 late summer circuit, there will be two high category GM all-play-alls in England where none of these young masters can expect inclusion.

One interesting feature at Benedictine was the crushing victories by Miles and Keene against Britain's leading advocate of bizarre openings, Michael Basman.

Basman thought of 1 P-QR3 in advance of the well-known Karpov-Miles game, but lately his first love has been the strange combination of 1 P-KN4 and 2 P-KR3—be it with White or Black. Strong opponents, for whom such a debut challenges their entire chess values, have come to grant "Basmania" a grudging respect. Basman's win over grandmaster Speelman at the 1980 British Championship showed that the opponent cannot afford careless play.

Miles and Keene came to the chessboard knowing what to expect; using quite different approaches, they dealt the Basman system a possibly mortal blow. Miles's mazy and complex tactics caused Basman to ponder so long that when he finally resigned he was faced with the impossible task of 28 moves to make in one minute. Keene chose a more classical scheme and had the satisfaction of winning one move earlier than Miles: surveying White's wrecked final position, he commented simply "I think Basman's opening is unsound."

White: M. J. Basman. Black: A. J. Miles.

Basman Opening (Benedictine 1981).

1 P-KN4,P-K4; 2 P-KR3,P-Q4; 3 B-N2,N-QB3; 4 P-QB4,PxP; 5 Q-R4,N-K2; 6 N-KB3,N-N3; 7 N-B3,B-K3; 8 P-KR4,B-N5; 9 N-KN5,B-Q2; 10 B-Q5, O-O; 11 Q-B2,BxP; 12 Q-K4, B-Q2; 13 NxRP.

Revealing White's strategy: an early combined swoop on KR7 and KB7. Now 13 . . . KxN? 14 P-R5 would play into White's hands. The weak factor is White's back rank, cluttered with unmoved pieces; so Black finds a winning counter.

13 . . . N-Q5! 14 P-R5,N-B5; 15 NxR,QxN; 16 K-B1, R-K1 (so that if 17 P-K3? B-KB4); 17 BxQBP,B-B3; 18 N-Q5, Q-B4; 19 P-Q3,NxN; 20 R-KN1,N-B5; 21 Q-K3,N(Q5)xP; 22 Resigns. Black is ahead on material, will soon win more, and White's forces are too disorganised to resist.

White: M. J. Basman. Black: R. D. Keene.

Basman Opening (Benedictine 1981).

1 P-KN4,P-Q4; 2 P-KR3,P-K4; 3 B-N2,P-QB3; 4 P-Q4,P-K5; 5 P-QB4,B-Q3; 6 N-QB3,N-K2; 7 P-N5, B-K3; 8 P-KR4,N-B4.

Simple and logical: Black occupies the squares weakened by White's pawn advances.

9 B-R3,O-O; 10 PxP,PxP; 11 NxQP (White relied on this tactic, but . . .),N-N6! 12 N-B6 ch,PxN; 13 PxN,BxP ch; 14 K-B1,N-B3; 15 B-K3,N-N5; 16 K-N2,N-Q4! 17 KxB,NxB; 18 Q-Q2,Q-Q3 ch; 19 K-B2,Q-B5 ch; 20 N-B3,PxN; 21 Resigns. If 21 QxN,QxP ch; 22 KxP,B-Q4 mate.

POSITION No. 389

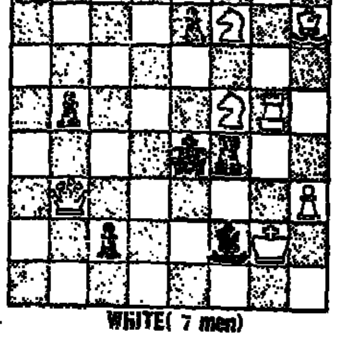
BLACK (11 men)

WHITE (9 men)

Gisela Fischdick (West Germany) v Jana Miles (England), Lloyds Bank Lady Masters 1981. White (to move) has a strong attack, but the obvious 1 B-KR6 allows the counter 1...P-K6 dis ch. What should White play, and how should the game go?

PROBLEM No. 389

BLACK (7 men)



WHITE (7 men)

White mates in two moves, against any defence (by H. W. Sherrard, 1886).

Solutions, Page 12

BRIDGE

E. P. C. COTTER

LAST MONTH I was invited to see a video-cassette recording of a film about teaching bridge. The star was Nico Gardener, the well-known international, who has taught hundreds of pupils at his London School of Bridge. All of us present felt that here was a break-through in bridge teaching. The film is the brainchild of Videorama Studios, and the presentation was excellent. Any reader interested in acquiring the cassette should apply to them for further details at 77, High Street, Hoddesdon, Herts.

This deal from a rubber might be called Safety, but not First:

N
♠ J 6 2
♡ A 7 5 3
◇ A 5
♣ A Q 8 6

W
♠ 9 8 5 3
♡ —
◇ 9 8 7 3 2
♣ K J 10 9

E
♠ 4
♡ K 10 9 2
◇ K Q J 10 6 4
♣ 4 2

S
♠ A K Q 10 7
♡ Q J 8 6 4
◇ —
♣ 7 5 3

With both sides vulnerable South dealt and bid one spade, North replied with two clubs, and East came in with two diamonds. The opener now said two hearts, West raised to three diamonds, and North made a cue-bid of four diamonds. South rebid four hearts. North went to six hearts, and all passed.

West led the diamond three, which was won on the table, and a club was discarded from hand. The declarer came to hand with a spade, and led the Queen of hearts. West showed out, and now the contract was doomed, because East had to make two trump tricks.

"You should have played the Ace of Hearts," said North. "It is a standard safety play, and it would have kept your trump losers to one."

Do we agree with North's pronouncement? No, the declarer should not touch trumps until he knows what happens to the club finesse. At trick three he should finesse the club Queen. When this stands up, now is the time to cash the heart Ace as insurance against all four trumps with East—there is, of course, no chance of success if West holds all four. By leading trumps twice from the table he loses only to East's King.

If the club finesse loses, declarer must assume that West has King and another heart, so that a finesse can pick up the whole suit without loss.

Let us turn to Three Choices:

N
♠ 6 2
♡ A 7 6 3
◇ K Q 8 3
♣ A 6 2

W
♠ 10 7 5 3
♡ 10 8 5 4
◇ 6 5 4
♣ 9 5

E
♠ K Q J 8
♡ 9 2
◇ 7 2
♣ K Q J 10 8

S
♠ A 8 4
♡ K Q J
◇ A J 10 9
♣ 7 4 3

At love-all East dealt and bid one club, South doubled for a take-out, and North replied with two clubs, which is forcing to game, and asks partner to choose the suit. South said two diamonds, and raised North's bid of two hearts to three. So far the bidding was very good, and now North had a choice of bids—four hearts or three no trumps. Both these contracts were unbeatable, but North was unhappy about his spades in a no trump contract, and about his trumps in the suit contract. So he made a third choice by raising his partner to four diamonds, and South bid five diamonds.

When West led the club nine, the declarer knew that he was in the wrong contract, and depressed by this knowledge, he did not play the hand well. Winning with dummy's Ace, he drew three rounds of trumps, and now defeat was inevitable.

He should draw just two rounds of trumps, and then test the hearts. This is essential because there is no quick entry to dummy. When the third round of hearts gets by without being ruffed, South crosses to dummy with a third trump, and discards a club on the heart Ace. Now all the defence can make is one club and one spade.

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Saturday September 19 1981

Back to the grindstone

AFTER THE briefest holiday respite, Mrs Thatcher and her reshuffled ministers have faced and taken some decisions which are certainly not designed to roll back the Liberal-Social Democratic alliance, now formally sealed. Interest rates have been raised to their pre-Budget levels, and the market may well take them higher. Spending targets have been announced which allow for an increase of 4 per cent in the public-sector pay-bill, an increase denounced by the Vauxhall car workers as "insulting," but urged as the way to create jobs by Mr Norman Tebbitt, the new Secretary of State for Employment. An attempt has already been made to chisten him Four Per Cent Norm.

Danger

The reason for this renewed push on the monetary and pay bargaining front needs little explanation. Sterling has been declining for some time in an orderly way, correcting some of its previous excessive rise, but on Monday morning it fell 2 per cent in a single trading session. The Government needed to show the market that it cared, even at the cost of its most important tactical objective, lower interest rates. The strategic objective remains unchanged, of course: Mrs Thatcher still sees lower inflation as the precondition for substantial growth. Yesterday's inflation figure, still a point higher than when she took office, might suggest to a less single-minded Prime Minister that the methods so far tired were wanting. Mrs Thatcher concluded simply that the dose must be repeated.

Potential

The most obvious apparent danger of the present course is of a confrontation with the trade unions. That is how the anti-inflationary campaigns of Mr. Heath and Mr. Callaghan ended, and Mrs. Thatcher enjoys far less popular support than either of her predecessors. Certainly the union leaders would in many cases like to mount a challenge.

However, it seems clear that the wave of popular support for the two centre political parties represents a mood which embraces more than elections. Members of two unions voted down their leadership on the Benn-Healey issue, and many will no doubt do the same on the question of confrontation. The Pan Am employees who voted nine to one in favour of accepting a 10 per cent pay cut are probably more representative than the union leaders.

The more insidious danger is that the monetary actions which have been forced on the Government will choke off what is still a weak and doubtful recovery. Buoyant consumer borrowing ought to be regarded as hopeful news—and so far as it goes to improve the cash flow of the corporate sector, or indeed is spent on imports, it has no inflationary implications for the money supply.

Attention

The Bank of England, in a guardedly optimistic Bulletin, drew attention to the hopeful potential in the economy—the fact that efficiency has improved far enough to stabilise unit labour costs even while earnings have risen by 12 per cent and activity has fallen. This suggests that if output revives—and the early signs are already there—then rising productivity could make a strong contribution to reduced inflation; but unless there is a revival, this possibility will not be tested.

However, the news is not all bad. Sterling has partly been a casualty of a major turnround in the currency markets which is itself hopeful. The strong revival of the D-mark and the other European currencies against the dollar has affected sterling, which looks weaker against an under-valued and rising mark than it did against a clearly over-valued dollar; but this realignment will be very welcome in industry.

Competition

Europe is our biggest market and the source of our strongest competition. A realignment which left us more competitive in Europe and in third markets should be a noticeable stimulus, even if the effective value of sterling against all currencies is stabilised at somewhere near its present level. The trends last week, down against the D-mark but up against the dollar, were in the right direction. Further, if the market expectations of a fall in U.S. interest rates prove true, this will offer further help.

Crisis

It is hard to find any bright side to the main news from abroad, the deepening Polish crisis, while in the West popular opposition to American defence and foreign policy grows more vocal and more violent. Visionaries may see a kind of European centrism emerging — the old dream of the Third Force. If there is any truth in this, the circumstances which foster the change are likely to be no more comfortable than those which may be producing a new centre in Britain.

PERSONAL LENDING

The banks' booming business

By William Hall, Banking Correspondent

BRITAIN may be on the edge of a personal lending boom which could bring to mind the period in the early 1970s when Mr Anthony (now Lord) Barber was Chancellor of the Exchequer, and nobody seems to know the reason why.

With the economy still in deep recession and 3m unemployed, people have begun recently to borrow at a faster rate than anyone expected. Bank lending helped push August new car registrations to their second highest level ever and the credit reference agencies say they have never been busier.

Mr Brian Bailey, managing director of the United Association for the Protection of Trade (UAPT), Britain's biggest credit rating agency, says that one of his branches, which had been processing around 60,000 applications a week earlier this year, is now handling between 80,000 and 100,000 each week.

This week, for the first time in nearly two years, the High Street banks raised their base rates by 2 per cent to 14 per cent, following the Bank of England's intervention in the money markets which pushed up short-term money rates sharply.

The Bank of England said that its action was "primarily a response to the external situation." It wanted to stem the fall in the value of the pound on the foreign exchanges. However, the Bank also said a rise in interest rates was necessary in view of the rapid expansion of bank lending to the private sector.

Thursday's money supply figures underlined this point with a massive £1.5bn jump in bank lending in the month to mid-August. The previous week the London clearing banks' regular quarterly figures had shown that their lending to personal customers was growing at an annual rate of 36 per cent—roughly three times as fast as the rest of their lending. In fact, compared with the previous quarter the annual growth rate was a spectacular 61 per cent.

The latest figures on the growth of personal bank lending by the whole of the UK banking system are not due to be released until a week on Monday, but the preliminary evidence is that personal lending by the banks is soaring.

The position is very confusing. The big banks play down the talk of a consumer lending boom, but the latest statistics appear to be telling a different tale. Meanwhile, the Bank of England is puzzled because the sharp rise in bank lending is occurring while real personal disposable incomes are falling. Normally, bank lending follows suit. The surge in bank lending threatens to undermine the Government's monetary targets.

No one is sure what is happening to the money supply but there can be no doubt that the banks are flush with funds and, in the absence of industrial demand, are only too happy to lend it to the personal sector.

Mr Jeff Benson, chief executive of National Westminster Bank says that he does not see any boom in consumer lending and his bank is taking particular care to see that personal lending does not run "amok." Mr Roy Vine, Barclays' senior general manager, says that talk of a "Barber boom in personal lending is a bit emotive" and warns that one should not take one quarter's figures as indicative of a long term trend.

Mr Christopher Johnson, Lloyds Bank's economic adviser, agrees, and emphasises that it is "very misleading" to extrapolate personal lending on the basis of the first quarter of this year. But he admits to being surprised by its buoyancy arguing that the growth will tail off as the drop in real personal disposable incomes begins to bite.

The banks argue that two things have happened which have inflated their personal lending figures. First, they have moved into the home loan market and are now competing with the building societies in a big way. Second, they are increasing their market share in other types of consumer credit at the expense of the retailers and hire purchase companies.

The banks only started to move into the home loan market last year. But they have made their mark quickly and there are signs that some building societies are now beginning to find it hard to lend, which is a most unusual situation. Normally, they have never had enough funds to satisfy demand from would-be home buyers.

The banks have been processing mortgage applications, in under a week in some cases, and have made big inroads into the building societies' traditional customer queues. In the second quarter of this year the banks have been lending money on houses at a rate of £100m a month, which compares with £30m a month in the first half of last year. Unusually, they have started advertising heavily in support of their lending and customers have been flocking to them. One bank, William and Glyn's, has received so much business that it has had to call a temporary halt to new mortgage applications.

Five years ago the banks had less than 2 per cent of the home loan market, but as a result of their recent activity (their new home loans could top £1.5bn this year), their market share will jump to nearly a fifth.

Mr Vine of Barclays stresses that the banks are not encouraging impluse buying by their aggressive entry into this market (it plans to lend £1bn alone by the end of next year). "People do not buy houses like they buy washing machines.

"The vast majority of our home loan business would be done by someone else if we were not doing it," says Mr. Vine. He argues that local authorities have, in effect, stopped lending money to house buyers and Barclays and the other banks are merely filling the vacuum.

The suggestion that the building societies might cease charging higher interest rates for larger mortgages is the first visible evidence that the banks' competition is beginning to make itself felt. Banks like the bigger mortgages. One £25,000 loan is considerably cheaper to administer than five £5,000 loans, and they are not going to charge customers more as the building societies do.

The banks have also stumbled on the fact that by competing with the building societies they can influence the level of the mortgage rate and by keeping it lower than it might otherwise have been, they prevent the societies from paying higher rates on their savings deposits and siphoning these away from the banks.

Six years ago, the London clearing banks had more deposits than the building societies. Today, the latter have over £50bn—a third more than the clearing banks.

Mr Vine says that after years of sitting back and watching the building societies pinch his deposits, "the boot is now on the other foot." Barclays is determined to recover much of the business lost in the 1970s to the building societies.

The figures, meanwhile, do not bear out the banks' argument that they are merely taking a larger slice of the home loan market and not inflating its total size. The building societies are lending more than they were a year ago and together with the banks they were lending more than £700m (net) a month in the second quarter—58 per cent higher than the level in the first half of last year.

Mr Benson of National Westminster stresses that the banks are in a "build-up situation" and soon the lending will begin to generate a substantial cash flow. Nevertheless, the banks' mortgage lending is now accounting for nearly 40 per cent of their net new advances to personal customers, according to Mr Johnson.

So far the banks' foray into the home loan market has not led to any noticeable increase in house prices. Perhaps this is one of the reasons why the response from the Bank of England has been muted.

Nor is the mortgage market the only area of the personal sector where the banks are intent on building up their market share.

They are also increasing their lending to personal customers buying items such as new cars and video units. In the three months to mid-August, the London clearing banks lent an additional £500m for this type of transaction, compared with £300m in the comparable quarter of last year. Total consumer credit (excluding house loans) is believed to be growing at upwards of 15 per cent a year.

"We have taken an awful lot of business away from the finance houses! People become much more rate conscious in times of recession and the banks are often cheaper," Mr Vine says.

There are also signs that the banks have been taking credit business away from retailers, many of which are finding it difficult to finance their customers during a period of recession and high interest rates. The Bank of England says in its quarterly bulletin, published this week: "that shops have apparently sought to sell by price cuts rather than by offers of cheap credit."

The latest figures on consumer credit granted by retailers and hire purchase companies shows there is some truth in the banks' explanation. In the year to July retail and hire purchase credit outstanding rose by 6.5 per cent to £9.5bn, which is well under the rate of inflation and shows that there has been a drop in real credit volume.

Reports from the credit reference agencies also confirm the sluggishness of the provision of credit at the individual store level. UAPT, which handled 12m credit enquiries last year, says that consumer credit applications in August were 2 per cent down on last year, following 5 per cent drop in July. In Scotland, applications were down 17 per cent and in the Midlands they were down 10 per cent.

But over the last couple of weeks, UAPT has seen a sharp jump in credit enquiries. Mr Bailey, UAPT'S chief, says that this might be partly associated with the new mail order catalogues and warns that it is dangerous to read too much into a few weeks' figures which can fluctuate with the weather. However, enquiries have been running "way ahead of what is normally seen," lately.

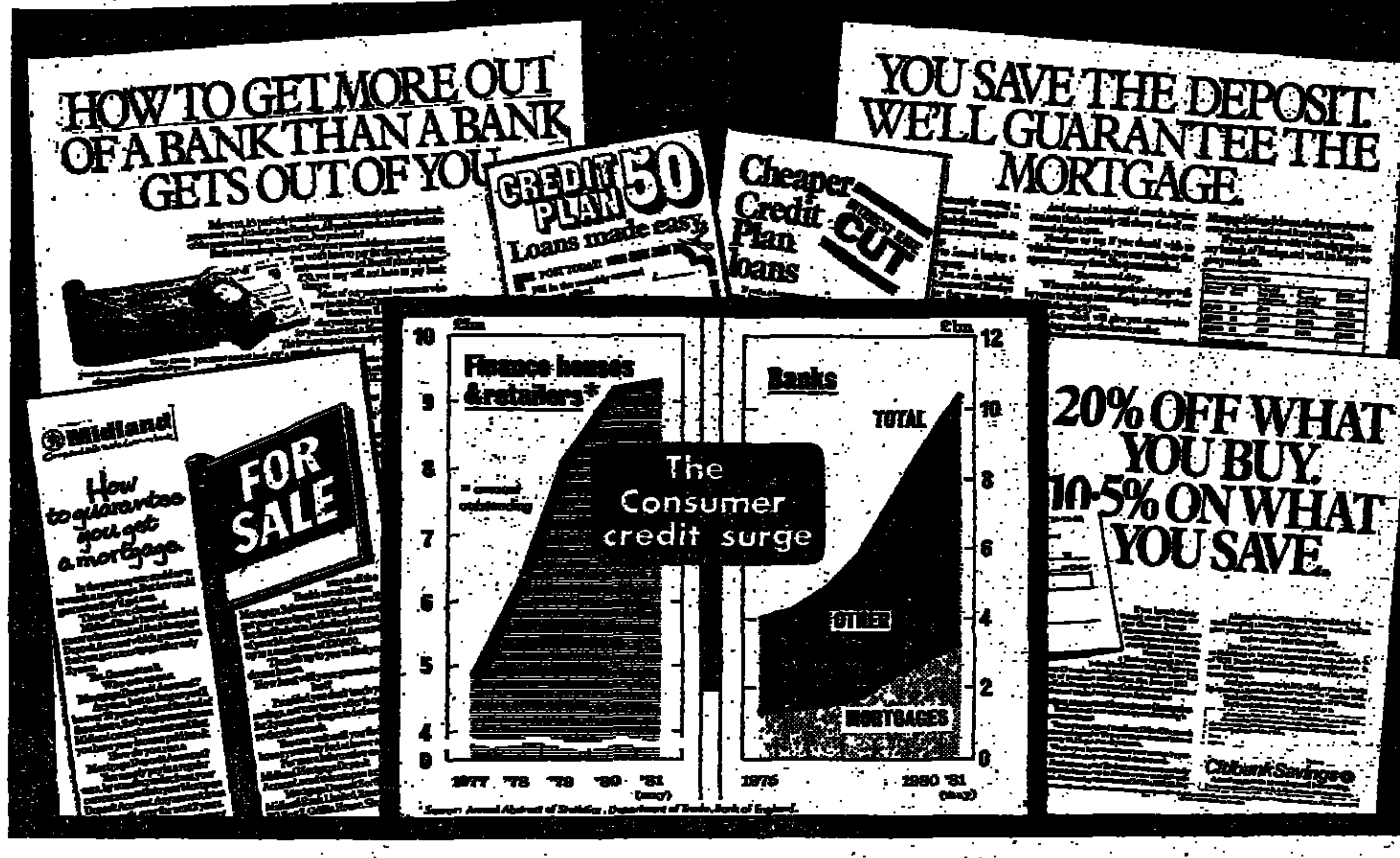
Mr Tim Congdon, economist at brokers L. Messel, is among those who suggest that the Bank of England has been turning a blind eye to its qualitative guidelines. These ask banks to observe "strict restraint" in their personal lending so as to keep funds available for manufacturing industry and exporters.

However, the authorities have let it be known that the guidelines are still very much in force. Mr Benson of National Westminster stresses that there is no suggestion at all that the expansion in personal lending has been at the expense of the industrial borrower. Industry is just not borrowing.

Barclays' Roy Vine agrees, saying his bank dropped advertising its lending a long time ago to comply with the Government's guidelines. "The clearers have always played the game fairly," says Mr Vine, who is annoyed that some of his smaller competitors, such as the aggressive U.S. consumer finance operations, do not seem to be playing by the same set of rules.

"If we were flouting the Government's guidelines, we would be doing massive mail shots and advertising heavily," says Mr Vine.

Nevertheless, along with other senior clearing bankers he is conscious of noises inside Government suggesting that something ought to be done about the boom in personal lending. The problem is that the market has grown to such an extent and there are so many different people offering credit that the old days when a word in the ear of the four clearing bank chairman would do the trick have disappeared.



METHODS OF BORROWING

% currently using for borrowing purposes

	Bank customers (%)	Non-customers aged 16-64 (%)
Bank personal loan	10	1
Finance house personal loan	2	2
Bank overdraft	2	2
Bank credit card	30	1
Any credit card	35	4
Building society mortgage	31	12
Any mortgage	37	15
Hire purchase	9	10
Account with store	5	3
Mail order catalogue	21	26

Source: National Opinion Polls, Financial Research Survey, for National Westminster Bank, 1979/80

The clearing banks have neglected the personal borrower for years, but are now increasing their market share. Even a bank's own customers prefer to use other forms of credit to personal loans or overdrafts.

Letters to the Editor

Inflation

From Mr J. Clayton.

Sir,—The alternative to 10 per cent over-spending is—obviously—some 10 per cent reduction of spending.

A small—but critical—start should be made by way of a 10 per cent cut in the pay of those primarily responsible: members of the Government and the "Ways and Means Committee."

Next, Sir Geoffrey should extend logically his refusal, this year, to index personal allowances. All total indexations should be cancelled; and the degree of indexation—if any—economically justifiable should be one of the annual cardinal Budget decisions; applicable alike to personal allowances, government grants, pensions, granny bonds, etc.

Next, 5 per cent of pay should be made in a new currency—say "Bradbury's"—indexed (as above) but not valid tender for ten years. Such pay should be, in effect, tax-free, by issue of the "Bradbury's" at 30 per cent discount—70p per £1. Tax relief would therefore be alike for all taxpayers; with a modest, welcome introduction of negative income tax for non-taxpayers.

Apart from government, the major beneficiaries of inflation are the banks, for example a schedule in the 1980 accounts of Barclays Bank shows an expropriation of £4½bn of customers' deposits during the year. It is not, therefore, surprising that the "big four," during the past 2½ years have made annual profits some 10-times as high as their first disclosed (1969) "true" profits of £106m. Moreover, to apply a realistic (Sandilands) current cost accounting test of such profits, their net assets have increased during the 2½ years by some £3bn. The final contribution to the elimination of the public sector borrowing requirement, therefore, should be a tranche of special supplementary deposits from the banks—say £4bn.

The essential reduction of public spending from 50 per cent to 40 per cent GDP is a long haul; but, as indicated above, the PSBR could be liquidated within one year; and inflation thereby substantially reduced.

Jack Clayton.
19 Park Road,
Cheam, Surrey.

Davy

From Mr F. Moseley

Sir,—The jingoistic rejection by the Monopolies Commission of the Ensearch bid for Davy is a classic example of how Whitehall manipulates affairs by using the law for purposes which Parliament scarcely intended.

To declare my own interest as merely the owner of a very small part of Davy, I was at a minimum 25 per cent poorer on Friday last week than I would have been had the Commission not intervened. Perhaps this loss would have been easier to bear had the performance of Davy over the last three years given me confidence in the existing management and its Whitehall friends.

The correct way to thwart the Ensearch bid would have been to organise a higher bid rather than shelter behind use of the law. Justice would then have been seen to be done.

F. Moseley.
30 Somerville Road,
Cobham, Surrey.

Bookbinding

From Mr D. Hutton

Sir,—I have read with interest Angela James' letter (September 14) regarding high quality bookbinding and must corroborate her statement that craft bookbinding is very much alive.

Indeed, one of our subsidiary companies has more than a thousand customers, worldwide, for its range of leathers, tools, cloths, apparatus, etc., especially produced for the craft bookbinders' use.

D. N. Hutton.
Grange House,
84-86, Borough High Street,
SE1.

Indexing

From Dr A. Harvey

Sir,—Mr Eric Short (September 5) says that it is always better to defer encashment of index-linked certificates to the beginning of the month.

Official publications give no guidance on this matter but, in response to an earlier enquiry of mine, the Department of National Savings stated that indexing applies only for holdings of complete months. For example, a certificate purchased on September 30, 1981 and encashed on October 1, 1982 would attract 12, not 13, months' indexing: an extra month's indexing would require encashment on October 30, 1982.

Hence choice of the best time in the month for purchase (and, thus, encashment) involves knowledge of future, as well as present, relative rates of interest and of inflation.

(Dr) A. F. Harvey.
Foley Arms Hotel,
Worcester Road,
Great Malvern, Worcs.

Taxation

From Mr J. de Rivaz.

Sir,—A vast amount of expertise and expense is consumed on taxation and much of this could be re-directed constructively if the desire to avoid what are obviously unfair taxes was removed.

It is one of the basic philosophies of tax creators that they should irreversibly confiscate wealth from individuals to use for their own ideas. Ultimately, the wealth confiscated is re-invested somewhere. It is this desire to confiscate that creates atmosphere of war, fought by armies of accountants and other advisors. An alternative would be to abolish most taxes, and have a progressive tax system, similar to income tax. Ordinary income plus the whole amount of any capital realised would be taxable, but any money invested (or spent on buying such things as a house not to be left empty or life insurance) would be totally tax deductible. Those who like to spend their money on items such as cars, holidays and fancy clothes will have to pay tax on the funds they use, possibly at the peak income tax rates if they have high incomes or realise a lot of securities to make the purchases.

With this system, the many taxes would be abolished. It would be anticipated that the higher rate bands of income tax would start lower than they do at present, and indeed the basic rate would rise over 40 per cent but incentives would not be lost, as those who were willing to live simply could keep most of their earnings and wealth by investing it as opposed to spending it. There would be a strong element of choice in how much tax is to be paid.

John de Rivaz.
West Towan House, Porthtowan,
Truro, Cornwall.

Flying

From Mr R. Higgins

Sir,—Today (September 16) we see in the Financial Times a photograph of Mr Foot and Mr Healey about to board their flight to Moscow, uttering their usual criticisms of Mrs Thatcher and her Government putting this country of ours through its biggest industrial catastrophe etc etc. . . . Yet what do we see — Mr Foot and his Party delegation about to board a Russian Aeroflot plane.

If Mr Foot and his Party are so proud of Great Britain and its work people, which they so often profess, why don't they fly the flag — British Airways — and so help to boost that great airline during its troubled times instead of flying others.

R. Higgins.
50, Myton Crescent, Warwick.

Breakfast

From Mr E. Moroney

Sir,—Reading about the troubles of British Airways on September 12 makes me wonder whether things might be better if this airline was restored to its old state of being one on which people enjoyed flying.

Last month I flew on a BA plane (three-quarters empty) from London to Oslo and had the worst breakfast I have ever had in my life. It was contained in a plastic case which one had to grab before boarding the airliner and consisted of a cold, leathery croissant and other equally unattractive items. Mr Roy Watts, deputy chairman of British Airways, explained to me in a recent letter that other airlines had adopted this style of service. This may well be so and, as far as I know, may be current practice in the Gulag Archipelago (I didn't get that far).

Returning to this country from Oslo on Scandinavian Airlines (SAS), I was properly served with an excellent meal and the rolls were hot. British Airways doesn't seem to have guessed they are nicer this way. So it's SAS for me in future and the people who are trying to push British Airways into the ground may succeed.

Edmund Moroney.
32 Plymouth Road,
Penarth,
S. Glamorgan.

Resistant

From Mr M. Gill

Sir,—I am hoping to shame sellers into reducing prices.

How can inflation truly fall if opportunities of lower wholesale prices are not taken to give that benefit to the consumer? From 27p to 35p for a cup of coffee which one could at one time get for 3p old money is the limit.

Likewise, cocoa, chocolate about which your paper reported that Cadbury-Schweppes had said lower prices take a long time to get through to the consumer!

It would be a real boost if a few prices actually came down instead of going up more slowly (as we are told).

M. Gill.
Reyvon, Rystwood,
Forest Row,
Sussex.

Management

From Mr F. Price

Sir,—It is reassuring to learn from the director general of the British Institute of Management (September 11) that ". . . the standard of education of British managers is improving and is higher than in the population generally . . ."

One would hope it is, the population average cannot be all that high, so it is not much of an achievement. But what are they educated in and what are they doing with it? Education is a time thing, but in the industrial context unless it finds effective expression in the improving of corporate performance then it is reduced to mere dilettantism. There is no profit in being brilliant but useless. Perhaps the most important knowledge is knowing how to use what you know.

British managers seem to be not very good in this respect.

F. Price.
39 Meden Bank, Stanton Hill,
Sutton-in-Ashfield, Notts.

Sage?

From Mr S. Phillipson.

Sir, — British Telecom insists that its new telephone charge increases are warranted, in the face of recently announced increased profit figures, to help finance future research and development expenditure.

Surely one of the ways of contributing to this cost would be to scrap the ridiculous and highly expensive prime time advertising. In fact, I find it incomprehensible why this organisation considers it necessary to advertise at all.

Quite frankly, I am fed up with paying for "Pino Spaghetti's" telephone call to his "Mama" in Italy informing her of the birth of his "cara bambina bellissima" and as for that blasted bird — sage and onion or horse-chestnut?

Steven B. Phillipson.
12, The Forge, Ulgham Village,
Nr. Morpeth, Northumberland.

John Moore explores the background to a boardroom wrangle in a medium-sized engineering company

The battle of F. Pratt: a cautionary tale

"THE SHAMEFUL face of capitalism." That damning remark was levelled at the management of a company involved in the relatively obscure world of lathe chuck manufacturing and forgings. It came at the climax of one of the liveliest boardroom rows that have taken place in recent months. The background to the boardroom wrangles provides a cautionary tale for all medium-sized companies which are attempting to ride out the recession.

The affair highlights the problems of maintaining key executives' expectations during an economic recession.

The developing drama at F. Pratt Engineering Corporation involved allegations and counter-allegations about directors' expenditure and head office costs; personality clashes between board members; rows about service agreements; disputes about the division of executive responsibility and disagreements about conduct during business negotiations. Last week it led to the dismissal of two directors from the board, Mr Tertius Murray Threipland, a former chief executive and Mr Maurice James, a non-executive director, after a two-hour shareholders' meeting.

Pratt's origins date back to the last century when the company was incorporated with the name of F. Pratt and Co in 1897 to acquire a business founded in 1849. Its range of activities includes lathe chuck manufacturing, the workholding devices which are used in machine tools, and precision forgings, many of which are used in Martin Baker ejection seats.

For three generations, the company was firmly under the guidance of the Galliers-Pratt family. Mr Anthony Galliers-Pratt is the most recent member of the family to hold the chairman's office.

Mr Galliers-Pratt is now president of the company after relinquishing office formally earlier this year. For 34 years he had been a director and during his last 15 years he had been carrying out various roles either as chief executive or managing director. He had chaired the company for seven years.

In 1974 Mr Galliers-Pratt was approached by Mr Threipland, then aged 26, who was seeking a job in industry. Mr Threipland, who had no industrial experience, was appointed personal assistant to Mr Galliers-Pratt, the chairman and managing director.

In the financial year ended October 31, 1975, during which Mr Threipland joined the company, record profits and sales were reported. Pre-tax profits were £1.35m, a 27 per cent increase on the previous year and sales totalled £14.95m. It was Pratt's third successive year of profit increases.

The company maintained a smart London office in Belgrave Square. The group's centre of activities is at Halifax in Yorkshire. Employment in the group totals 1,250 after a programme of rationalisation.

Mr Galliers-Pratt was president of the Machine Tool Trades Association during the 1970s. He made an important contribution to the company in developing overseas orders. The 1975 financial year turned out to be the group's high point but afterwards the company began to experience more difficult trading conditions.

In 1977 Mr Threipland was made a director and was asked by the chairman to manage a succession of group companies under Mr William Friggens, who was then chief executive.

Hugh Routledge

Mr Murray Threipland (left), a former chief executive of F. Pratt, and Mr Maurice James, a former member of the board, at a meeting last week

The profitability of the group continued to fall. To strengthen the management team Mr Galliers-Pratt appointed Mr Threipland deputy chief executive. In March 1979 Mr Threipland wrote to Mr Galliers-Pratt in the following terms: "No longer can we escape the fact that unless something fairly drastic is done about the group—we will either be forced to be taken over or we will go bust . . . so far I think I can gauge your reaction, 'well, the damned operating companies will have to make more profits.'"

He continued: "Without muddling each other with figures and statistics—the facts are simple, that we have too many overheads, too few sales and thus not enough generated profit to continue for much longer. The plant is outdated and falling to pieces and the morale very low."

Mr Threipland suggested: "We must cut the Head Office expenditure — yours, mine, everybody else's. This, I know, will antagonise you but it is something that has to be faced up to. However it is dressed up I'm sure that sooner or later the Head Office expenditure will be questioned and severely criticised."

He stressed: "It ill becomes anyone from Belgrave Square telling the operating companies to cut back—the fish stinks from the head, and an example must be set." He also suggested that Mr Friggens "must go" and that the Belgrave Square office must be sold or closed as most of its functions were duplicated in other units. At the end of the financial year in October 1979 pre-tax profits were down from £952,000 to £836,000 on turnover increased from £16.9m to £18.3m.

The Board had shared the anxiety about overheads some time earlier. According to one director the company was run more like a private company than a company with a share quotation. The Board concluded that it did not need the Belgrave Square office and it was duly disposed of for about £800,000, with a large proportion of the proceeds used to repay a loan.

Allegations were made later during the more open Boardroom battles that head office expenditure was being used for helicopter and first-class jet travel, chauffeur-driven cars, large corporate credit card accounts, special accounts and extensive overseas travel.

Moreover, other lavish property had been earmarked for an HQ in South Street, in London's West End, and Mr Galliers-Pratt said that the lease would provide an alternative London headquarters on the sale of Belgrave Square. The premises were never occupied and have now been sold.

During 1980 Mr Threipland met Mr Maurice James, of Maurice James Industries, who joined the Board as a non-executive director at the Board's invitation earlier this year. About the same time, the Board was restructured and Mr Galliers-Pratt relinquished his post as chairman to spend more time on overseas activities. Mr Friggens emerged as chairman and Mr Threipland as chief executive and deputy chairman.

An independent accountant's investigation was ordered by the board into the amounts spent on central expenditure in the financial year ended October 1980 when group profits showed an increase from £836,000 to £992,000. Mr James says that the report was done at his initiation.

Ernst and Whinney was commissioned, and it is awaiting replies from Mr Threipland and Mr Galliers-Pratt on whether certain items of expenditure were incurred in a private capacity or on behalf of the company.

Mr Anthony Galliers-Pratt, president and former chairman of F. Pratt

The working relationship between Mr Friggens and Mr Threipland has deteriorated this year. F. Pratt reported a loss for the first six months of its 1981 trading year of £171,000, compared with a profit of £545,000, on a virtually maintained turnover of £11.04m.

Mr Friggens complained that Mr Threipland continued to undermine his authority and took action without board approval. In a letter to shareholders last month, he said that Mr Threipland and Mr James worked together to increase the influence of Mr James in the company's affairs. The board took exception to Mr James and members of his family buying shares in the company without first informing other members of the board.

On July 7 Mr Threipland sought Mr Friggens' removal from office. He failed. Instead, Mr Threipland was suspended from duty. His dismissal, together with that of Mr James, was sought at a meeting of shareholders last week.

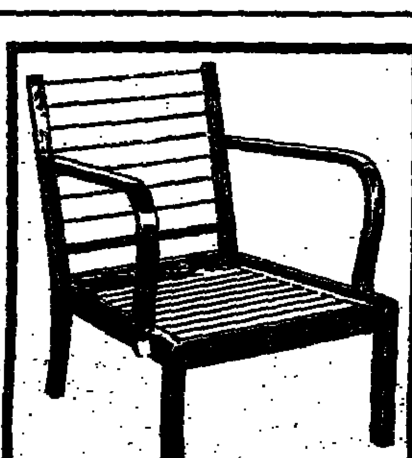
During the course of that meeting shareholders were told by Mr Friggens that Mr Threipland had purchased in September 1979 the highest priced Mercedes on the market at £32,850, equipped with radio telephone; in 1978 he said that Mr Threipland's expenses were £24,000 to £25,000; in 1979 they were £32,000 and in 1980 they were £46,000. "This is the sort of cost cutting I do not like," said Mr Friggens.

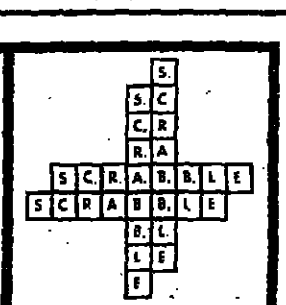
During the meeting Mr James claimed that expenses were running at £750,000 more than they ought to be and that Mr Threipland had the ability to "cut out the nonsense and double the company's profit." He asked Mr Friggens about the suggestion that £200,000 should be provided for pensions for Mr Galliers-Pratt an dfor the chairman. Mr Friggens said that the "Galliers-Pratt pension was underfunded." Questioned about his own pension contribution of £51,000 in 1980, Mr Friggens said £27,000 of this was required to top up his pension, because he was planning to retire at 60 rather than 65.

Shareholders have been told that the company is implementing cost-saving policies throughout the group, concentrating on developing new products with higher added value, and continuing with a modernisation programme.

Weekend Brief

Ill winds that blew good for three pioneers





Perhaps it's odd to liken the recession to an ill wind. What good it may blow is hard to see at such close range. But today's would-be pioneers might well take heart from the kinds of commercial success which stemmed from past world recessions.

The Depression of the late 1920s led to the production of the Parker Knoll chair. Mr Parker—of Frederick Parker and Sons whose business dated back to the 1870s—became aware of the fast diminishing market for their high-quality handmade furniture. When he saw a sample chair-frame with horizontal tension springs on both seat and back, in Heal and Sons of Tottenham Court Road, he made enquiries.

He learned that Willi Knoll—a furniture manufacturer of Stuttgart—had come to England and submitted his revolutionary method of chair springing to Heal's for consideration. Mr Parker saw the potential and contacted Mr Knoll in his London hotel. In a matter of days an agreement was reached for the two men to combine their crafts and begin production.

"If there hadn't been any Depression in the 1930s there wouldn't have been any Scrabble," said Alfred Mosher Butts, of New York, who invented the game. He had kept his job as an architect for two years after the Depression had started in 1929—but when there was no more architectural work he decided to try to think of something else to do, and dreamed up Scrabble.

The 1930s Depression in Denmark gave birth to LEGO bricks—an idea created by Ole Kirk Christiansen who lost his job as a carpenter in the little village of Billund on the moors of Jutland. Today, though sales of LEGO bricks in Denmark are large, only 3 per cent of production is sold there—97 per cent goes to the rest of the world where 50m children play with LEGO bricks and LEGO leaflets are printed in 25 languages. About 25,000 shops in Western Europe stock and sell LEGO sets.

'The biggest toy shop in the world'

TODAY thousands of children are expected to besiege London's famous Regent Street in search of the official opening of the new Hamleys—"the biggest toy shop in the world."

Although the store has actually been open to adults since Wednesday, chairman Kenneth Bishop explains that these were only previews. "We couldn't really open the store properly until the children had been given a chance to come," he says.

The new Hamleys—all six floors and 45,000 sq ft of it—is only two doors away from the old premises half way down Regent Street where Hamleys has been for the past 75 years.

This store, according to the Guinness Book of Records, was also the world's largest toy shop (it was 28,000 sq ft in size) but there is a world of difference between it and the new Hamleys. Gone are the narrow aisles, rickety stairs, and general air of chaos that was the hallmark of Hamleys throughout most of the year, but especially at Christmas. Instead, the new store has been planned with crowds of youngsters and tourists in mind, with wide aisles, escalators and lifts, and air-conditioning.

But there are reminders, too, of the old days: such as the overhead model railway on the first floor and a Noah's Ark which was the store's original name.

It was in 1760, in fact, that William Hamley opened his toy shop called "Noah's Ark" in High Holborn. Over the next 146 years Hamleys expanded into various other central London sites, including the famous Victorian magic emporium called Blands in Tottenham Court Road.

In 1906 the store was centralised in the Regent Street premises Hamleys was to occupy until earlier this week. Hamleys stayed open throughout the Blitz, received the Royal Warrant from the Queen in 1955, and moved from several generations of family control to eventual ownership by the Debenhams department store group.

Hamleys' decision to move premises was based on the market calculation that sports and leisure products would be one of the growth areas of the 1980s—once the recession is over. In the late 1970s, Hamleys opened a sports and model centre in Wigmore Street, but this proved to be a poor location.

So it was decided to move into much larger premises, retain the traditional comprehensive toy ranges, but expand the leisure side as well.

The new store, formerly the Waring and Gillow furniture store, cost £5.5m to buy and a further £3.5m to refurbish. Hamleys, whose sales have risen by 9 per cent this year in spite of the tourist shortfall and the recession, hope to achieve a £12m turnover next year—double the sales of the old Hamleys. It gets about half its trade from tourists who visit the store as one of the essential London landmarks, but over the next few months it will be the traditional pre-Christmas trade from British parents and children that will form the bulk of sales.

Mr Bishop remains convinced that the new Hamleys can buck the depression in the toy trade caused by the recession. "If we can offer excitement as well as keen prices, then I think people will still come to us to buy toys," he says. There are still 82 shopping days left until Christmas for him to be proved right . . . or wrong.

Which twin had the Toni?

Alec and Eric at the Oval, 1950

THE CLOSEST, best known and largest partnership — each stands 6ft 3ins and weighs over 15 stone — in first class cricket for the past 40 years has been the Bedsers. Eric retired long ago, and last week Alec gave up his chairmanship of the England selectors after the side to India was announced.

Both have provided numerous examples of that uncanny affinity which so often exists between identical twins. Many years ago in a Surrey v Yorkshire match, Tony Lock brought off a superb catch. Alec remarked to the other batsman, Norman Yardley, "He is a good catcher in the gulley he is". A moment later Eric strode up from third man to make the same comment word for word in exactly the same tone.

Coming back by train to London after a Test, Alec was usually picked up by Eric at the station and they would invariably be dressed alike even down to the same shirt and tie. When shopping they always buy identical clothing, which has surprised tailors from time to time. Many players who have toured with Alec are still uncertain who is who.

A slight scar and greater softness around Alec's face are the key. They have an identical sense of rather dry humour.

If you start to walk down the street between these two amicable giants — in rough areas a very safe place to be — by the end of the block you will inevitably find yourself on either the inside or the outside.

On the first of his three tours to Australia, Alec came off the field exhausted after bowling most of the day with the temperature around 100 degrees. He found that he had lost 7 lbs, which was understandable. What was surprising was that, when Eric, who had been watching his brother from the pavilion, went on the scales he found he had lost the same amount in sympathy.

Alec and Eric enjoy the same food, have the same likes and dislikes, the same rather conservative view about modern players and are never happier than when in each other's company. Their togetherness even extends to a joint bank account.

As boys they were both quick bowlers, but because there were then so many promising pacemen around and it was simply inconceivable that they should compete for the same place, they decided that Eric would concentrate on batting and off-spin, leaving Alec, the younger by a few minutes to make his mark as a seamer.

When they returned to Surrey after the war, Alec went on to become a very great international bowler and Eric developed into a highly competent allrounder, who was good enough to be picked for a Test Trial.

Hard work was a feature of their cricket careers so that it was no surprise that they should succeed together in the commercial world after they retired, or that they should also jointly put something back into the game which means so much to them.

Although it was Alec who became England Manager on three Australian tours, a Selector in 1962 and Chairman in 1969, Eric was always close at hand to provide advice and support.

Contributors:
Marjorie Stiling
David Churchill
Trevor Bailey

Economic Diary

TODAY: Mr Roger Pincham, Liberal Party chairman, gives closing address to conference, Llandudno.

TOMORROW: Department for National Savings, monthly progress report for August.

MONDAY: New construction orders for July. Wales Trades Union Congress conference on report on the creation of jobs. Mr Peter Rees, new Trade Minister, on tour of Thailand, Malaysia, Singapore and Indonesia. Sir Keith Joseph visits Hong Kong.

TUESDAY: Second quarter provisional gross domestic product. September provisional figures for unemployment and unfilled vacancies. Commonwealth Finance Ministers' two-day annual meeting opens in Nassau, Bahamas, discusses high interest rates.

WEDNESDAY: New vehicle registrations for August. U.S. Secretary of State, Alexander Haig, meets Soviet Foreign Minister, Andrei Gromyko, at United Nations, New York. Palestinian autonomy negotiations reopen in Cairo.

THURSDAY: Energy trends. Unemployment and unfilled vacancies (August-final). Employment in the production industries for July. Overtime and short-time working in manufacturing industries (July). Stoppages of work due to industrial disputes during August. Council for the Securities Industry meets, London. Financial Times two-day conference on the role of South East Asia in World Airline and Aerospace Development opens in Singapore. Socialist leaders from 43 countries, including Britain, attend international Socialists meeting, Paris.

FRIDAY: June sales and orders in the engineering industries. August final figures for car and commercial vehicle production. Mrs Margaret Thatcher starts three-day visit to the Gulf on her way to Commonwealth summit in Australia.

Exceptional profit lifts Ellerman

INCLUDING an exceptional profit of £1.2m, against a £0.3m loss, Ellerman Lines, the shipping, brewing and insurance concern, turned in a pre-tax profit of £0.6m for the first half of 1981, compared with a £2.3m loss previously.

The group returned to profit in the second half of last year and finished with £1.8m pre-tax, and the directors say that for the whole of 1981 the surplus should be slightly higher.

Turnover was lower than expected, at £98.6m (£91m) for the six months, reflecting the continuing worldwide recession. The directors add, however, that operating efficiency improved and margins are better.

Exceptional items comprised the profits (losses) on sales of ships and redundancies in the normal course of business.

Also above the line there were associate losses of £0.1m (£0.1m profit), income from investment operations, £1.7m (£2.2m), and finance charges amounting to £2.7m, compared with £3.7m.

Mr Dennis F. Martin-Jenkins, chairman, says the shipping surplus would have been higher but for the seamens' and port strikes, and although ahead of last year, the travel side was disappointing. The breweries' division held their position, however, against local competition.

Tax charge is given as £0.5m (£0.4m), minority interests took £0.1m (nil), and there were extraordinary debits of £0.3m, against £8m credits last time.

After dividends of £0.1m (same) — the interim is 2.5p (2.25p) per deferred share — an amount of £0.4m was transferred from reserves (£5.2m to reserves).

Despite interest charges up from £146,000 to £231,000, Tollemache and Cobbold Breweries, subsidiary, returned to profit at the midway stage with £16,000 pre-tax, against a £110,000 loss. Turnover increased from £9.78m to £10.53m.

Beer volumes held up well and in the tied trade, in particular, volumes were very encouraging and generally up to or in excess of 1980 levels, the directors state.

They anticipate that the improvements in results will continue through the second six months.

The launch of Hansa lager in late 1980 proved to be highly successful, with sales significantly higher in the current year than other lager sales last year, the directors state.

Sales of table wines also proved to be very satisfactory.

The directors add that results were achieved during a period of reorganisation, including the commissioning of a new distribution centre at Whitehouse Road in Ipswich.

Another brewery subsidiary, the Hartlepool-based J. W. Cameron and Co., pushed turnover up from £20.75m to £24.2m, but pre-tax profits slipped to £1.98m, against £2.14m.

Profit for the full year is expected to be similar to the £4.5m for 1980.

The directors say that sales in the company's traditional business are under severe pressure and they anticipate that the volumes for the year will be slightly lower than 1980, in spite of considerable growth of Hansa lager.

Profits for the period included £25,000 (£268,000) surplus from the sale of properties.

Ellerman is privately held and has close status.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Breedon Cloud Hill int.	2.63	—	2.63	—	7.63
Dinkie Heel int.	0.25	—	0.25	—	0.5
David Dixon	7.73	—	7.73	9.95	9.95
Early and Marriott int.	0.32	Nov 27	0.32	—	1.8
Garton Eng. int.	nil	—	3.15	—	4.15
Goodman & Stockman	1.0	Nov 27	0.96	1.0	0.96
Keep. Inv. int.	0.15	Oct. 27	0.15	—	0.39
Macallan-Glen. sec. int.	2.25‡	Nov 23	—	§	6.5
Thomas Walker	0.54	Nov 6	0.58	0.71	0.75
Westminster Props.	2.75	—	2.0	4.0	3.0
Westpool Inv.	0.76	Nov 10	—	1.11	1.57

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout. § Final of 2p forecast to make total 6.5p.

Macallan down at 12 months

AS EXPECTED, there was a decrease in new fillings demand at Macallan-Glenlivet, malt whisky distiller, and taxable profits were left down from £432,000 to £257,000 for the 12 months ended July 31, 1981.

The financial period is for 17 months to December 31, and directors say the change has resulted in "anomalies which significantly distort comparisons."

Turnover was also down at £3.72m, compared with £4m previously.

After six months pre-tax profits were up at £235,000 (£205,000).

The directors expect that because of low production levels, profits for the full period (17 months) will not be materially higher than those of the 1979/80 year.

The directors say that sales of mature whisky, warehousing revenue and especially sales of the company's single malt whisky, The Macallan, were significantly ahead.

They explain that the industry's general difficulties stem from a combination of factors, particularly continuing de-stocking and past production surpluses. These, taken together with the recession in the UK and several primary markets, as well as the increase in the rate of duty, have led to short-time working, redundancy and lower demand throughout the industry.

To maintain an even level of dividend payments there is a second interim of 2.25p net per share, and directors anticipate a 2p net final for the 17 months making a total of 6.5p. This would be the same as for the previous year.

Trading profit for 12 months was just ahead at £1.07m (£1.05m) and leasing rentals amounted to £156,000 (£72,000).

BIDS AND DEALS

£73,000 rescue of Waterbrook

SHAREHOLDERS OF Waterbrook, a small lossmaking venture capital company, formerly part of the Norton Warburg group, are being asked to accept a rescue bid worth £73,260 from the consortium of private investors.

Over the five years of Waterbrook's existence, mostly as Norton Warburg Investments, the shareholders put up £2.4m of capital. The equity came roughly half from private clients of Norton Warburg Management and half from institutions such as Legal and General, Gartmore Trust and Touche Remnant.

The first issue of shares, in 1976, was made at £103 for every £100 share. In 1978 there was a rights issue pitched at £110 per share. Subsequent share placings at the same level brought the issued capital up to £2.4m.

Now the company is being asked to accept £3 per share from Intragem, a private consortium headed by Mr A. Miles, who also operates a company called Four-Fold Securities.

Yesterday Mr Stephen Gee, the managing director of Waterbrook, said that the board considered the offer fair and reasonable and would urge shareholders to accept it when the offer document was published in a fortnight.

Waterbrook will also publish its figures for 1980 at the same time. They will show that the company's sole significant investment is 60 per cent of My Kinda Town, which runs the Chicago Pizza Pie restaurants. There is also a small footwear retailer in Covent Garden.

A number of other investments—Waterbrook made 10 venture capital investments during its life—are unprofitable.

In addition Waterbrook has a £100,000 five-year loan from Norton Warburg, the parent which is now in liquidation and the subject of a Fraud Squad investigation. The Fraud Squad is not looking at Waterbrook.

Since March, when Waterbrook broke away from the parent, Mr Ronnie Aitken, the chairman and a former partner of accountants Binder Hamlyn, has been trying to sell Waterbrook's investment portfolio.

At that time it was suggested that te break-up might produce for shareholders anything between 8p and 40p in the £.

Yesterday's bid from Intragem represents 3p in the £.

C. H. Beazer has 64% of Westbrick

C. H. Beazer (Holdings) announced yesterday that it owns or has agreed to acquire 2.74m shares in Westbrick Products, representing 64 per cent of the company's capital.

The offer has been declared unconditional as to acceptances and remains open until further notice.

Acceptances have been received in respect of 49.6 per cent of the Westbrick shares. Prior to the announcement of the offer on July 27, Beazer owned 11.5 per cent of the shares and since that date has acquired a further 2.9 per cent.

Lloyds Bank closes offer for L & S

Lloyds Bank has decided to close its offer for Lloyds and Scottish, the finance house, without waiting for Royal Bank of Scotland's 39.26 per cent stake.

Lloyds Bank's offer went unconditional in June, since when it has been open for acceptances. Royal Bank has agreed in principle to sell its stake to Lloyds but felt the actual sale must await the outcome of its own bid battle.

Now that the Monopolies Commission has asked for a further three months to study Hong Kong and Shanghai and Standard and Chartered's rival bids for Royal Bank, Lloyds has decided not to wait any longer.

Without the Royal Bank stake, Lloyds now controls or has acceptances amounting to 60.14 per cent of Lloyds and Scottish. Independent shareholders amount to only 0.6 per cent. They will now be given until next Friday, October 2, to accept the offer.

MAXWELL BUYS MORE BPC

Mr Robert Maxwell, chairman and chief executive of BPC, has purchased a further 50,000 ordinary shares in the company. His personal holding is now 667,643 shares.

WIGGINS CONSTRUCT

Mr J. G. Wiggins has sold 25,000 shares in Wiggins Construct reducing his holding from 5.94 per cent to 5.56 per cent.

The C. C. Wiggins Charitable Trust sold 300,000 shares reducing its holding from 15.55 per cent to 11.98 per cent. The J. G. Wiggins Charitable Trust sold 200,000 shares, reducing its holding from 11.23 per cent to 8.18 per cent.

Mr J. G. Wiggins is a director of the company and Mr C. C. Wiggins retired from the board as a director on March 7 1981.

Renison offers £8.8m for Papua New Guinea mine

THE AUSTRALIAN arm of London's Consolidated Gold Fields, Renison Goldfields Consolidated (RGC), is to offer a total of A$13.8m (£8.8m) for New Guinea Goldfields, which operates a gold mine in Papua New Guinea.

Although the mine produced 3,731 oz of gold in the six months to June 30, RGC said yesterday that it regarded the company primarily as a promising exploration prospect.

The New Guinea company's directors have agreed to recommend RGC's offer of four RGC shares for every seven NGG. RGC closed yesterday at A$5.40 in Sydney, on this basis the offer values each NGG at A$3.08.

Under the terms of an existing agreement between RGC and its London parent, costs and benefits of South-West Pacific exploration are shared equally. In line with this, Consolidated Gold Fields will pay RGC A$6.9m for 50 per cent of the New Guinea concern.

New RGC shares issued under the offer will not rank for the 25 cents dividend declared last month. Following the issue, Consolidated Gold Fields will exercise it right to restore its stake in RGC to 49 per cent at a total cost of A$20.1m, including the payment for a half share in the New Guinea company.

SHARE STAKES

English and International Trust—As a result of purchases of 200,379 ordinary shares between July 15 and September 10, and a conversion of convertible unsecured loan stock on August 31, Equitable Life Assurance Society and its subsidiary (University Life) hold 1,435,606 ordinary shares (13.94 per cent).

Trusthouse Forte — Arising from recent rights issue, following transactions in nil paid rights are notified in respect of directors' interests. Sir Charles Forte rights sold beneficial 1,655,549 and non-beneficial 3,127,082; E. Hartwell 455,336 and 2,894,386; R. J. V. Forte 873,413 and 1,800,786; L. A. Rosso 104,906 and 45,000; G. B. Chiandetti 15,937 and nil; D. Hearn 23,397 and nil; G. F. L. Proctor nil and 2,820,482.

Certain of the non-beneficial holdings include the same rights more than once in relation to trusts created by directors and of which other directors are trustees.

Gold and Base Metal Mines—Following recent purchase of 20,000 shares, Jantar is now beneficially interested in 403,500 (6.55 per cent).

Westpool profits boosted

REFLECTING DIVIDENDS of £1.1m from the London Merchant Securities shares acquired in June, 1980, profits, before tax, of Westpool Investment Trust surged from £752,000 to £1.61m for the year ended April 30, 1981.

The dividend per share is 1.106p with a final of 0.762p. This is compared with an effective 1.574p which included a special of 0.262p in connection with the LMS acquisition, and a second interim payment of 0.945p—no final was paid.

In January the directors said that on earnings estimates for the year, they expected to recommend a final of not less than 0.7p.

With the LMS dividends, other investment income amounted to £672,000 (£894,000), and the pre-tax figure was struck after management expenses of £89,000 (£58,000) and interest payable, £71,000 (£84,000).

After tax of £512,000 against £253,000, the attributable balance came out ahead from £499,000 to £1.1m, of which dividends will absorb £1.09m (£495,000).

Earnings per share are shown at 1.12p (1.59p) basic, on the increased capital, and 0.95p (1.61p) fully diluted.

In a complex deal last year Westpool acquired a 50.3 per cent controlling interest in LMS, by acquiring the share capitals of Mallrayne Holdings and certain private investment companies.

LMS represents the predominant element in Westpool's assets, and altered its status from an investment trust to an investment holding company.

Westminster Properties growth

INCREASES OF 43 per cent in net rentals and 58 per cent in development profits have combined to give Westminster and County Properties a profit for the year ended April 30 1981 of £562,000, compared with £428,000 in the previous year.

The dividend is lifted by 1p to 4p, with a final of 2.75p net per share, from earnings of 17p (14.8p). The current year is proceeding satisfactorily, the directors report.

	1980-81 £000	1979-80 £000
Group turnover	3,507	2,301
Profit before tax	562	428
Tax credit	1	62
Net profit	563	490
Dividends	133	99
Retained	430	391

A professional valuation of the group's completed developments has produced a surplus of £1.1m over book value. Including this, net asset value per share is given as 106p.

● comment

The response to the disclosure of Westminster and Country's first professional revaluation was to clip 2p off the shares yesterday to 76p. The £1.1m surplus over book values owes more to retentions than to an uplift in portfolio values and hence underlines the group's emphasis on property sales as opposed to portfolio expansion. The position is now beginning to change but the practice of carrying properties in current assets has attracted very substantial stock relief leading to tax losses brought forward of almost £2m. This treatment will help bridge the cash flow gap usually created when property trading gives way to investment and should ensure a progressive dividend policy. Development opportunities in the chosen areas of concentration either side of the M4 and shop premises in the West Country are apparently far too enticing to drop arbitrarily for the sake of investment "balance" and their contribution should remain dominant for the foreseeable future. For this reason, the yield of 7.8 per cent means as much, if not more, as the 31 per cent asset discount while the gradual shift to better quality earnings gets under way.

Sales augur well for D. Dixon

LOSSES incurred by its subsidiary, the Woollen Cloth Company, have resulted in David Dixon and Son Holdings reporting pre-tax profits down from £780,000 to £89,000. Turnover of the group's hosiery, leisurewear and underwear division increased by 19.5 per cent from £8.11m to £9.68m. Overall turnover was ahead at £10.77m compared with £10.46m.

Mr H. Turpin, the chairman, says the year to March 28 1981 was a difficult one, but despite this, the group has maintained its share of the market. Full production has been maintained throughout the year, but margins were much lower due to competition from low cost imports.

Over £2m has been invested in factories, plant and machinery in the last two years. It has been necessary, he says, to maintain high stock levels to serve customers, and as a result, interest charges remain high.

The pre-tax figure was struck after interest charges of £323,000 (£136,000). There was a tax credit of £180,000 (£230,000 charge) leaving net profits of £269,000 (£550,000). Extraordinary debits, however, took £565,000 (£54,000) and dividends £164,000 (£168,000).

The final dividend is unchanged at 7.73p for a same-again total of 9.95p.

In the year to date, he says sales continue to be at a high level, although margins have been further eroded. Orders are the biggest in the group's history and management accounts show that all companies in the group are profitable.

Since his interim report, however, no orders of any size were being received by the woollen subsidiary. The failure to attract the necessary volume of orders and the continuing level of losses precipitated the decision taken on August 17 1981 to close the company. The closure of the Woollen Cloth Company will not affect the remaining business of the group, says Mr Turpin.

Stated earnings per 25p share fell from 29.7p to 14.3p. On a CCA basis there was a pre-tax loss of £97,000.

Goodman & Stockman pays 1p

THE SLIDE in profits continued at Goodman Brothers and Stockman in the second half of the year ended April 30 1981 but the directors are giving shareholders a modest increase in dividend—from 0.96p to 1p per share—as they are confident of future prospects.

The second half produced profits of only £20,000, to give a total for the year of £234,731, compared with £431,696 in 1979-80. On a CCA basis the year's profit comes down to £143,559 (£221,271).

Turnover fell by some £3m to £10.99m, of which export contributed £2.47m (£3.1m).

Taking in a tax credit of £621,245 (£238,242 charge), gives earnings of 8.769p per share (1.982p). This year's figure comprises exceptional write-back of deferred tax £691,621, less current year corporation charge £70,376.

Arrow Chem. back in the black

IN SPITE of a reduction in home sales, Arrow Chemicals Holdings returned to the black with pre-tax profits of £91,000 against losses of £136,000, in the 27 weeks to July 3 1981. Again no interim dividend is being paid.

Trading conditions in the UK showed no significant improvement since the year end, and turnover of this chemicals and industrial aerosols group fell from £3.2m to £2.75m.

There was an increase in exports, and the directors say this division makes a valuable contribution to group profits. Losses in two subsidiary companies reduced the half-yearly results more than anticipated, and this was due, in part, to the pre-production costs of the new hydro-carbon aerosol filling plant being installed by Greenhill Chemicals.

The directors say the benefits of the new production line will be felt during the second half. The specialist roofing company, CARE, suffered from the widespread depression in the building industry.

With increased sales being forecast in the second half, they say there should be a further improvement in profits. The group has completed its rationalisation plans and looks forward to renewed confidence in 1982.

The first-half pre-tax figure was struck after interest charges of £87,000 (£154,000). There was a nil tax charge this time against a credit of £67,000. Attributable profits emerged at £95,000 (£80,000 loss) after minority credits of £4,000 (£11,000 debit).

Barclays to raise $200m

By Alan Friedman

Barclay American Corporation, the U.S. consumer financial services subsidiary of Barclays Bank International, is to raise $200m in America with an offer of 9-year debt securities.

BAC was acquired by Barclays Bank in 1979; it was then known as the American Credit Corporation of Charlotte, North Carolina. The last time BAC offered a public debt issue was in February, when it raised $75m.

A spokesman said yesterday the money would be used to finance the company's business. BAC will file a registration statement with the Securities and Exchange Commission relating to the offer of zero coupon notes to mature in 1990.

The underwriters to the issue include Merrill Lynch, White Weld and Goldman Sachs.

DINKIE HEEL FALLS MIDWAY

Pre-tax profits of the Dinkie Heel Company fell from £129,000 to £75,000 in the half-year to June 30 1981. Turnover of the company—its principal activities are the production of safety toe caps for protective footwear, production and supply of components for the shoe repair trade—was down from £906,000 to £791,000.

The interim dividend is unchanged at 0.25p—last year's total was 0.5p from pre-tax profits of £113,969 (£238,280).

In the annual review, the directors said production problems encountered in the last quarter of 1980 had continued into the first quarter of 1981. Turnover was then slightly better however, and there were signs that the recession had bottomed out as manufacturers began to stock up.

NO PROBE

The proposed merger between Winterthur Swiss Insurance and Provident Life Association of London is not being referred to the Monopolies Commission.

T. Walker drops to £106,000

A DROP from £164,508 to £106,432 in pre-tax profits is reported by Thomas Walker, the Birmingham manufacturer of metal smallwares for the clothing industry, in the year to June 30, 1981. Turnover fell from £1.85m to £1.64m.

At halfway, profits were behind at £61,801 (£66,814).

The final dividend is cut from 0.58p to 0.542p for a lower total of 0.7095p (0.7475p).

After tax down from £87,088 to £25,635, attributable profits came out at £80,797 compared with £77,420. Stated earnings per 5p share improved slightly from 1.29p to 1.35p.

Unitech warns of lower half

At the annual meeting of Unitech, Mr Peter Curry, chairman, warned shareholders that first half profits would be lower.

He said that based on results for the first quarter, profits for the year would be down on those of the same period last year.

While the timing of any improvement in demand was still uncertain, the year as a whole was unlikely to be very different from last year, he added.

Breedon sale aids profits

PROFITS OF £105,000 resulting from the sale of non-trading assets, have helped Breedon and Cloud Hill Lime Works to report improved pre-tax figures for the half-year to July 31 1981. Profits rose from £564,000 to £648,000, although turnover fell slightly from £1.9m to £1.86m. Proceeds from the sale of non-trading assets have been re-invested.

The interim dividend is maintained at 2.625p—last year's total was 7.625p. Dividends absorb £128,000 (same).

Tax for the first half is estimated at £1,000 higher at £294,000, leaving net profits up from £271,000 to £354,000.

MFI begins to improve

Mr Arthur Southon, chairman of MFI Furniture Group, said at the AGM that trading conditions had been difficult during the first quarter with a lower than expected level of sales in June but with improving figures during the following two months.

"Our level of overhead expenses, to which particular attention was paid in the latter part of last year, show considerable savings as compared with a year ago," he said.

Frank Gates £103,000 downturn

FOR THE half year ended June 30, 1981, Ford main dealer Frank G. Gates reports a drop of £103,000 to £633,000 in pre-tax profits.

Although trading remains difficult, the directors feel that the second half should not suffer from the recession as much as last year, when profits fell to £361,000.

Turnover for the first half dropped from £19.72m to £17.56m. After tax of £289,000 (£383,000) net profit came to £344,000, against £353,000, for earnings of 5.1p (5.2p) per share.

Charles Early turn-round

Tight control over costs and stocks continues to be exercised by Charles Early and Marriott (Witney) and this brought about improved results for the half-year to July 31, 1981. This manufacturer of Witney blankets and Warlord floor covering reports pre-tax profits of £51,607 against losses of £46,537.

Turnover improved from £3.39m to £3.62m. There was a tax charge this time of £24,000. The interim dividend is unchanged at 0.315p — last year's total was 1.8p from pre-tax profits of £186,730 (£421,147).

Results due next week

The market is expecting a solid gain from BAT Industries, which reports interim figures on Wednesday. Pre-tax profits of £265-£275m are predicted for the six months ended June 30, against figures which are expected to be restated at about £220m for last year. The boost will be largely attributable to currency translations which should add between £30m-£40m to profits. Price increases in the U.S. and Brazil have aided margins and should offset the depressed UK trading picture.

The substantial costs of launching the Barclay cigarette in the U.S. will be borne in the first half, but the group has already picked up market share and these gains should work through to an even stronger full-year advance.

Analysts are predicting figures from £585m to £660m for the full year, against £479m last year. The second interim is expected to rise to 7p or 8p against 6.5p last time while the full year dividend should reach 21p against 19p.

Considerably less excitement is expected from the two construction groups reporting next week. Tarmac, which reports on Monday, should produce interim pre-tax figures of between £13.5m and £15m, against £13.56m last time for the six months ended June 30. (Last year's figures include £1.82m gain from the sale of the Viking Oil stake.) This slight improvement is thanks to some new signs of life in the contracting and housing business; aggregates remain sluggish. The interim is expected to be raised 0.5p to 6p.

George Wimpey, which reports interim figures on Thursday, should show pre-tax profits for the six months ended June 30 of £7m to £9m against £9.4m last time. Wimpey has been bedevilled by pressures on margins in civil engineering while in the housing sector it has been losing market share to competitors, including Barratt. The dividend is expected to be maintained, or even raised slightly to lend support to the share price. Both groups will show stronger second half results, with Tarmac perhaps touching £47m for the full year against £42m last time and Wimpey weighing in at £50m against last year's £55m.

The market is expecting Barratt, which reports preliminary figures on Tuesday, to buck the trend in the building sector and show an improvement to £25m—£27.5m in pre-tax profits for the year ended December 31 against £24.6m last year. The company has managed to achieve its home building target of some 11,500 units this year. This is largely due to the success of its studios and one-bedroom apartments, particularly in the southeast. With the pick-up in prices and margins, analysts are now predicting figures of between £37m to £50m for 1981/82. The forthcoming increase in the mortgage rate could be a worry, but the company's strong marketing tactics should keep volume bouyant.

Further, the contracting side is staging a continued recovery and should contribute close to £1m this year. The final dividend was forecast at the time of the rights issue at 8.85p, but clearly better things are expected next time.

Northern Engineering provided no profit or dividend forecasts at the time of its £30m rights issue in May, but the chairman said the group's order book was substantially higher than it had been a year earlier. In particular, NEI received orders worth some £280m for boilers and turbines for UK nuclear power stations early this year. However, UK results overall are still believed to be rather dull. Expectations of a solid advance in interim profits from £12.6m last year to about £15m this time are based instead on strong performances from the North American acquisitions and the South African subsidiary. Interim figures are due on Tuesday. Full year profits may or may not exceed the 1978 peak of £30.5m but, in any event, the dividend is seriously uncovered on a CCA basis and is not likely to be increased.

Interim profits of Rowntree Mackintosh, which are to be announced on Tuesday, may well be double last year's depressed £4.3m. There has been a 4½ per cent recovery in UK chocolate volume in the UK and price increases in January, but the main factor has been lower interest charges. Last year, the group was spending heavily on assets and brand development, notably in Europe where it is still not making any profits. Financial charges will also be reduced by the £42m proceeds of the rights issue in April. The directors have undertaken to maintain the dividend on the enlarged capital.

Dunlop interim results, which are due on Thursday, are expected to reveal a break-even position at the pre-tax level compared with profits of £15m. Healthy profits in Malaysia, South Africa and elsewhere overseas are being offset to some extent by continuing large losses on the UK tyre side. But the major burden continues to be interest charges. Following the divorce from Pirelli in April, borrowings stood at £306m, 89 per cent of shareholders' funds. Last year, the final dividend was halved and it is unclear what will happen this year. A maintained total is probably the most to hope for with, perhaps, a slight reduction of the interim to re-establish a balance between the two payments.

Among the other companies due to report next week are Armstrong Equipment (preliminary figures on Wednesday), and DRG (interim, Tuesday), Fisons (interim, Monday), Alexander Howden and Stewart Wrightson (interims on Thursday and Wednesday respectively), Kleinwort Benson (interim, Tuesday), Laporte Industries (interim, Tuesday) and Simon Engineering (interim, Monday).

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Armstrong Equipment	Wednesday	1.011	1.72	0.55
Barratt Developments	Tuesday	2.33333	5.9	3.5
Casket (S.) Holdings	Thursday	0.5	1.25	0.5
Dowding and Mills	Thursday	0.7	0.85	0.7
Electronic Machine	Tuesday	—	—	—
Estates Property Investment	Wednesday	2.5	3.75	2.75
Memec	Wednesday	—	—	—
Mills and Allen International	Wednesday	3.63636	10.0	5.0
Mucklow (A. and J.) Group	Friday	1.6	2.2842	1.8842
Second City Properties	Monday	0.6191	1.5981	0.6191
Tor Investment Trust	Monday	2.8	5.6	2.8
Zetters Group	Tuesday	0.75	1.75	0.85
INTERIM DIVIDENDS				
Aberdeen Construction Group	Thursday	2.3	4.12	
AC Cars	Thursday	—	—	
Alpine Holdings	Thursday	2.275	2.975	
Alva Investment Trust	Thursday	4.9	5.6	
APV Holdings	Tuesday	2.8	6.2	
Astbury and Madeley (Holdings)	Friday	1.0	4.0	
Bank of Scotland	Tuesday	8.0	9.5	
Barlow Holdings	Wednesday	1.0	3.0†	
BAT Industries	Wednesday	12.5¶	6.5	
Beatson Clark	Monday	2.0	5.0	
Bodycote International	Tuesday	2.0	2.0	
Brixton Estate	Tuesday	1.21667	1.40833	
Cakebread Robey	Monday	0.8	2.0	
Clarke, Nickolls and Coombs	Thursday	1.75	2.25	
Clyde Petroleum	Wednesday	—	0.56	
Copydex	Tuesday	—	1.0	
DRG	Tuesday	3.0	3.0	
Dunlop Holdings	Thursday	2.65	1.35	
Federated Land	Monday	1.1	2.25	
Finlay Packaging	Thursday	0.4	1.1	
Fisons	Monday	6.9	3.1	
General and Commercial Invest. Trust	Thursday	4.0	5.25	
General Investors and Trustees	Thursday	2.2	3.8	
Glossop	Thursday	1.676	3.046	
Haden	Thursday	1.8	4.45	
Hall Engineering (Holdings)	Thursday	3.41	4.2	
Home Charm	Tuesday	0.7	1.8	
Hoskins and Horton	Thursday	—	2.0	
Howden (Alexander) Group	Thursday	3.5	3.5	
Hurst (Charles)	Thursday	1.32	1.65	
Kleinwort, Benson, Lonsdale	Tuesday	3.0	6.0	
Laporte Industries (Holdings)	Tuesday	3.5	3.5	
Leyland Paint and Wallpaper	Thursday	—	1.0	
Liberty	Friday	0.4	1.3	
Maclellan (P. and W.)	Wednesday	0.5	0.93	
Menzies (John) Holdings	Tuesday	1.25	2.6	
Morrison (W. M.) Supermarkets	Thursday	0.35	0.9	
Northern Engineering Industries	Tuesday	1.25	2.5	
Owen Owen	Thursday	1.0	3.25	
Phicom	Wednesday	0.45	0.55	
Pittard Group	Monday	1.375	2.625	
Ransomes Sims and Jefferies	Monday	3.14	8.0	
Rowan and Boden	Thursday	1.0	1.21	
Rowntree Mackintosh	Thursday	2.5	4.75	
Simon Engineering	Monday	4.0	8.0	
Southampton, Isle of Wight and South of England Royal Mail Steam Packet	Friday	2.0	5.5	
Sparrow (G. W.) and Sons	Thursday	0.86	1.12	
Spear and Jackson International	Thursday	3.575	3.0	
Stewart Wrightson Holdings	Wednesday	3.85	6.15	
Sunlight Service Group	Wednesday	0.55	1.85	
Sykes (Henry)	Wednesday	—	—	
Tarmac	Monday	5.5	10.5	
Tootal	Wednesday	1.1	1.25	
United Newspapers	Tuesday	4.5	7.5	
Wadkin	Tuesday	1.5	1.75	
Welbeck Investments	Monday	0.75	1.1	
Wilkinson Warburton	Thursday	1.94	4.35	
Wills (George) and Sons (Holdings)	Thursday	1.6	3.0	
Wimpey (George)	Thursday	0.85	1.7	
INTERIM FIGURES				
Allied International Designers Group	Monday			
Crosby House Group	Friday			
Newarthill	Thursday			
Wood (Arthur) and Son (Longport)	Tuesday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Includes a bonus dividend of 0.7p. ‡ Includes a special dividend of 1.0p paid out of realised profits. ¶ Total of first and second interim dividends.

Trust chief warns on high U.S. ratings

A WARNING about the high ratings of some U.S. technology companies is made by Mr J. V. Sheffield, chairman of the Independent Investment Company in his first annual statement.

Independent, which is managed by Ivory and Sime, was launched by way of a rights issue to shareholders of its parent Atlantic Assets Trust in November last year.

"Technology companies in the U.S. have enjoyed a remarkable increase in share prices over the last two years due to their impressive growth and future prospects," says Mr Sheffield.

However, he adds, "there are signs that the boom is at a critical point, with relatively small untried companies being brought public at very significant market capitalisations, and considerable amounts of venture capital searching for appropriate investments."

Mr Sheffield points out that it is not the company's intention to invest in "fashion stocks" but only where "there are real prospects for significant growth."

Mr Sheffield mentions that in the last six months Independent has acquired a 12.9 per cent holding in Systems Designers International and a 5.6 per cent stake in Systime, the UK supplier of turnkey mini-computer systems.

Both the reports of Independent and its parent the £100m Atlantic Assets (which holds 60 per cent of Independent) show a revenue account, which is itemised so as to relate directly to the balance sheets. The new presentation highlights the different level of income derived from different assets.

As reported on July 18, the net asset value per share of Atlantic Assets was up from 227.9p (adjusted for a scrip issue) to 326.15p in the year to June 30. Pre-tax revenue was up from £852,000 to £1.05m and the net dividend for the year is up from 0.95p to 1p.

Independent's net asset value was up from an equivalent 92.8p to 149.57p over the same period. The pre-tax revenue was £300,954 (£119,192) and the dividend 0.5p (0.47p).

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Winterthur Swiss Insurance came back with an agreed 340p per *share cash offer for the 75.54 per cent of Provident Life* Association of London that it does not already own, valuing the latter at £16.2m. Winterthur had previously offered 320p per share and stated that the offer was final, but this was rejected by Provident as inadequate. Under Takeover Panel rules, a company making a final offer cannot improve it except in exceptional circumstances, but the new bid gained Panel approval because Winterthur had not bought any Provident Life shares in the market since its original announcement and the market in the latter's shares was virtually non-existent.

New Venture Carpets, part of Beaulieu Ter Lembeek group of Belgium, made an agreed 15p per share cash bid for Caird (Dundee) the loss-making Scottish dyer and carpet printer, *valuing the latter at £400,000.*

Legal and General, the UK's second largest life insurance company, entered the U.S. life market with an agreed $140m (£76m) offer for Government Employees Life Insurance Company.

NCC Energy, in the process of merging with Simplicity Pattern of the U.S., revealed the $8m (£4.35m) purchase of 50 per cent of the oil and gas wells owned by Landerman Oil and Gas Drilling of the U.S.

Talks between Westbrick Products and an unnamed party broke down on Monday, leaving C. H. Beazer as the only suitor for Westbrick. The Westbrick board and its advisers are of the opinion that Beazer's recently revised offer is fair. They do not believe that it fully reflects Westbrick's recovery prospects, but think it unlikely that the Westbrick share price will exceed the value of Beazer's cash and share offer in the short term. The board do not intend to accept the offer in respect of their own holdings and are leaving it to shareholders to make up their own minds.

BICC, the cable manufacturer and engineering group, paid £11m to buy out its U.S. partner, Burndy Corporation, from their jointly-owned UK electrical components company, BICC-Burndy.

Plans by Lincroft-Kilgour to sell its cloth merchanting division to an unnamed buyer were abandoned on Monday and dealings in the group's shares resumed at 28p, compared with the suspension price of 34p.

Brooke Bond Liebig is expanding its recently acquired timber interests with the £2.35m acquisition of Muirhead and Sons, a Scottish softwood importer. Brooke Bond acquired timber group Mallinson-Denny at the beginning of the year.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Durapipe	40*	40	25	3.93	Consortium
Gaunt (Rowland)	25*‡‡	80	22	0.05	Beazer (C. H.)
Caird (Dundee)	15*	17	13††	0.42	Glynwed
					Queensway Secs.
Guthrie	901*§	862	662	140.06	Carpets
Harris & Sheldon	56*	52½	32††	22.26	New Venture
Hirst & Mallinson	37	31	30	1.96	Permadalan Nsnl.
Law Land§§	118§	117	99	40.33	Otis Elevtr. (UK)
Letraset	110	134	87	47.04	Assoc. Brit. Eng.
Letraset	140*	134	140	59.96	Churchbury Ests.
Moss (Robert)	32*§	39½	20	1.66	Mills and Allen
Ofrex¶¶	190*	190	138	37.74	Esselte AB.
Paringa	80*	78	72	8.64	Orchard Holdings
Provident Life	340*§	336	222	16.18	Gallaher
RCF	24*§	25	18	1.94	Apollo Int. Mines
Ruo Estates	58*§	56	58	0.79	Winterthur Swiss
					Bardsey
Unochrome Inds.	25*§	24	15½	2.93	E. Produce and
Viners	2*	7	15††	0.12	Laurie Plantatns.
Westbrick Prods.	87*	83	85	3.73	Eastern Produce

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on 18/9/81. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

Rights Issue

Foseco Minsep—Is raising £25.1m by way of a one for five rights issue at 182p per share.

Scrip Issue

Sirdar—One for one.

Offers for sale, placings and introductions

Cavendish Petroleum—Is coming to the market next week with an issue of 12m ordinary 10p shares at 50p per share.

George Dew—A private offer for subscription for 7.6m ordinary shares at 102p per share is in hand and the directors are seeking a quotation on the unlisted securities market next year.

London Private Health Group—Is raising £1.1m by way of a placing of 4m shares at 28p per share on the unlisted securities market.

The Government of Mexico—Issue of a £50m bulldog flexibond, 2006.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Amalgmtd. Metal	June	3,350	(7,274)	2.0	(3.0)
Appleyard Group	June	511L	(845)L	0.1	(—)
Arden & Cobden	June	22L	(94)	—	(—)
Argus Press	June	699	(1,080)	—	(—)
Armitage Bros.	July	127	(116)	—	(—)
Baird (William)	June	1,890	(3,490)	5.6	(5.6)
Barrow Hepburn	June	776	(1,040)	0.8	(0.8)
Barton Group	June	457	(1,160)	1.0	(1.4)
Bemrose Corpn.	June	765	(114)	1.5	(1.5)
Berkeley Hambro	June	2,080	(2,100)	3.5	(3.0)
Berwick Timpo	June	416L	(288)L	2.0	(2.0)
Bifurcated Engn.	June	554L	(478)	—	(1.15)
Blockleys	June	194	(178)	1.93	(1.75)
Boddingtons	June	2,810	(2,340)	1.6	(1.4)
Booker McConnell	June	4,380	(5,620)	1.38	(1.25)
Brammall (C. D.)	June	1,050	(918)	2.05	(2.05)
Bridgewater Est.	June	303	(468)	4.5	(4.5)
Brit. Aerospace	June	30,600	(21,300)	3.0	(—)
British Mohair	June	535	(168)L	0.96	(0.96)
BSR	July	2,770	(5,160)L	0.5	(—)
Bunzl Pulp	June	6,090	(6,020)	4.5	(4.21)
Burmah Oil	June	33,000	(28,200)	1.5	(1.5)
Burroughs Mchns.	May	7,250	(12,090)	—	(—)
Business Comptrs.	June	131	(124)	—	(—)
Corning	June	1,040	(476)L	—	(—)
Cory (Horace)	June	85	(178)	0.4	(0.8)
Croda Intl.	June	4,140	(3,860)	1.5	(1.5)
Danish Bacon	Aug	332	(376)	2.0	(—)
Delta Group	June	8,440	(13,450)	1.82	(1.82)
Eagle Star	June	38,500	(29,500)	7.0	(5.0)
Expanded Metal	June	378	(1,110)	2.0	(2.0)
Foseco Minsep	June	11,390	(9,400)	2.65	(2.65)
Garnar Booth	July	404	(348)L	2.4	(2.4)
GKN	June	6,400	(36,200)	4.0	(4.0)
Gordon (Luis)	June	158¶	(72)¶	—	(—)
Hestair	July	833	(453)	1.0	(—)
Hewitt (J.)	June	64	(290)	0.45	(—)
Hme. Cntles. Nws.	July	37	(206)	1.75	(1.75)
Jones & Shipman	June	327	(1,360)	0.75	(1.0)
KCA Drilling	June	2,300	(1,500)	—	(—)
KCA International	June	5,190	(2,000)	2.75	(2.5)
Legal & General	June	13,800	(8,700)	4.0	(3.0)
Lewis (John)	Aug	9,670	(9,600)	—	(—)
Liverpool Post	June	1,820	(660)	3.7	(3.46)
Low & Bonar	May	1,700	(3,940)	5.0	(5.0)
Lyon & Lyon	June	127	(205)	1.5	(1.5)
Mackay (Hugh)	June	106	(336)L	1.4	(1.4)
Marshall Loxley	June	270	(226)	1.2	(1.2)
Massey Ferguson	Apr	12,740L	(2,300)	—	(—)
Matthews (B.)	July	329	(1,700)	2.0	(2.0)
McLaughlin	June	603	(557)	1.8	(1.8)
Myson Group	June	1,680L	(236)L	—	(0.25)
Nw. London Prop.	June	607	(746)	4.0	(4.0)
Oliver (George)	June	103	(261)	1.21	(1.1)
Pearson Longman	June	5,897	(5,571)	3.75	(3.75)
Pearson (S.)	June	19,644	(17,893)	3.75	(3.75)
Pentland Inds.	June	504	(419)	0.4	(0.35)
Perry (Harold)	June	1,580	(2,120)	1.5	(1.5)
RTZ	June	173,500	(295,200)	5.5	(5.5)
Rowton Hotels	June	327	(300)	3.15	(3.15)
Sale Tilney	May	754	(710)	3.75	(3.5)
Scottish & Merc.	Mar	506	(509)	5.5	(5.35)
Spencer (Geo.)	June	38L	(22)L	0.1	(0.8)
Steetley	June	7,380	(8,790)	4.0	(4.0)
Tavener Rutledge	June	19L	(51)L	—	(—)
Tioxide	June	6,730	(6,460)	—	(—)
Travis & Arnold	June	2,010	(3,120)	0.64	(0.64)
Tricentrol	June	24,000	(20,520)	2.8	(2.8)
UDS Group	Aug	5,080	(2,050)	2.6	(2.6)
Wilkes (James)	June	479L†	(168)†	1.5	(1.5)
Williams & James	June	30	(28)	1.16	(1.16)
Willis Faber	June	14,000	(11,900)	4.3	(3.8)
Yorks Woollen	July	168	(63)L	—	(—)

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abwood Tools	Mar	30	(1,250)L	0.3	(—)	—	(—)
Amalgmtd. Ests.	Mar	404L	(331)L	—	(—)	—	(—)
Banks (Sdny. C.)	Apr	1,010	(867)	24.2	(22.2)	6.25	(5.25)
Blair (George)	Mar	1,160L	(280)L	—	(—)	—	(—)
Celtic Haven	Mar	93L	(282)L	—	(—)	0.25	(—)
Chambers & Frgs.	June	412	(356)	6.1	(4.7)	2.0	(1.5)
Cons. Gold Fields	June	192,000	(141,900)	66.4	(59.2)	24.5	(22.0)
Epicure Hldgs.	June	975	(705)	3.9	(3.0)	1.5	(1.25)
Excalibur Jewel	Apr	152	(1,050)	0.8	(3.0)	0.3	(1.19)
Gresham House	Dec	93L	(544)	—	(8.1)	3.65	(3.65)
Grimshawe Hldgs.	Apr	431L	(192)	—	(11.0)	—	(3.0)
Gripperrods	Apr	1,120	(1,330)	43.2	(29.1)	7.5	(7.5)
Guinness Peat	Apr	2,790	(15,670)	3.1	(13.7)	4.0	(7.0)
GT Japan Inv.	June	503	(452)	4.8	(4.4)	4.5	(4.0)
Haynes Publishng.	May	779	(670)	8.6	(11.1)	8.0	(7.0)
LMS	Mar	8,180	(7,600)	2.2	(2.4)	1.08	(0.9)
Manson Finance	June	1,530‡	(891)	3.5	(2.1)	3.0‡	(3.5)
Ricardo Engns.	June	1,150	(1,210)	22.7	(42.0)	8.5	(7.7)
Scholes (George)	June	1,790	(2,480)	21.0	(36.5)	16.5	(18.5)
Sirdar	June	5,310	(3,710)	28.8	(20.0)	7.0	(5.0)
Standard Industl.	June	241L	(430)	—	(9.0)	0.9	(1.85)
Trafford Park	June	2,020	(1,520)	10.6	(8.3)	7.25	(6.0)
Walker (James)	May	2,290	(4,060)	7.5	(34.2)	4.0	(4.0)

(Figures in parentheses are for corresponding period.)

* Dividends shown net except where otherwise stated. † Group loss/profit after all charges including taxation. ‡ For 14 months. ¶ Trading profits. L Loss.

BASE LENDING RATES

Bank	Rate
A.B.N Bank	14 %
Allied Irish Bank	14 %
American Express Bk.	14 %
Amro Bank	14 %
Henry Ansbacher	14 %
■ Arbuthnot Latham	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
BCCI	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge, Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Beneficial Trust Ltd.	15 %
Bremar Holdings Ltd.	15 %
Bristol & West Invests.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14½%
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	12 %
Citibank Savings	§13 %
Clydesdale Bank	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
E. T. Trust Limited	12 %
First Nat. Fin. Corp.	15 %
First Nat. Secs. Ltd.	15 %
Robert Fraser	14 %
Antony Gibbs	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
Heritable & Gen. Trust	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Hongkong & Shanghai	14 %
Knowsley & Co. Ltd.	14½%
Langris Trust Ltd.	14 %
Lloyds Bank	14 %
Mallinhall Limited	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ *Morgan Grenfell*	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Slavenburg's Bank	14 %
E. S. Schwab	15 %
Standard Chartered	‖14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
TCB Ltd.	14 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Wintrust Secs. Ltd.	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.5%, 1-month 11.75%. Short term £4,000/12 months 14.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12% and over £50,000 12½%.
‡ Call deposits £1,000 and over 11.5%.
§ Demand deposits 11½%.
‖ 21-day deposits over £1,000 12½%.
¶ Mortgage base rate.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$375	2	86	—	—	—	—	$448
GOLD C	$400	5	66	4	81	—	—	"
GOLD C	$425	5	42	20	66	—	—	"
GOLD C	$450	5	25	32	52	4	65 B	"
GOLD C	$475	22	15	2	35	—	—	"
GOLD C	$500	—	—	9	25	—	—	"
GOLD P	$375	—	—	8	6	—	—	"
GOLD P	$425	5	10 A	1	14	—	—	"
GOLD P	$450	35	15	—	—	—	—	"
		Oct.		Jan.		April		
AKZO C	F.20	10	3.40	—	—	—	—	F.22.70
AKZO C	F.22.50	59	1	—	—	35	3.80	"
AKZO C	F.25	—	—	30	1.30	24	2	"
AKZO C	F.27.50	71	0.10	—	—	—	—	"
AKZO P	F.25	43	2.50	—	—	—	—	"
HEIN C	F.50	40	1.60	—	—	—	—	F.49.50
HEIN C	F.55	21	0.40	—	—	—	—	"
HOOG C	F.20	—	—	10	0.60	—	—	F.15.90
KLM C	F.80	10	13.50 A	—	—	—	—	F.93
KLM C	F.90	71	5.50	12	13.50 A	—	—	"
KLM C	F.100	60	2.50	37	7.80	—	—	"
KLM C	F.110	35	0.80	—	—	—	—	"
KLM C	F.120	15	0.40	29	2.80	—	—	"
KLM C	F.130	14	0.20	22	1.70	—	—	"
KLM P	F.80	11	0.70	—	—	—	—	"
KLM P	F.90	74	2.80	116	6	—	—	"
KLM P	F.100	96	8.80 B	53	12 B	—	—	"
KLM P	F.110	39	18 B	—	—	10	21 B	"
NEDL C	F.140	43	4.50	—	—	—	—	F.139.50
NEDL C	F.150	—	—	48	5.80	—	—	"
NEDL C	F.160	17	0.80	—	—	—	—	"
NEDL C	F.140	31	3.30 A	25	5.30	—	—	"
NEDL P	F.150	42	11	—	—	—	—	"
PHIL C	F.20	100	0.90	126	1.70	198	2.90	F.20
PHIL C	F.22.50	148	0.20	102	1	253	1.50	"
PHIL C	F.75	30	0.10	244	0.50	246	0.70	"
PHIL C	F.27.50	—	—	170	0.30	—	—	"
PHIL P	F.20	51	0.80	81	1.40	119	140	"
PHIL P	F.22.50	90	2.60	229	2.70	28	270	"
PHIL P	F.25	119	4.80	25	5	—	—	"
POLA C	$25	—	—	10	2	—	—	$24⅛
RD C	F.80	95	2	25	5.50	—	—	F.77.50
RD C	F.90	316	0.20	70	2.50	21	4.20	"
RD C	F.100	—	—	10	1.20 A	39	—	"
RD P	F.70	270	5.90	135	5	14	—	"
RD P	F.80	129	12.50 B	17	12.50 B	—	—	"
UNIL C	F.160	—	—	56	2.70	—	—	F.142.70
UNIL C	F.150	16	7.50	—	—	—	—	"
		Nov.		Feb.		May		
MANN C	DM.160	—	—	10	7	—	—	F153.58
MANN C	DM.170	60	0.50	—	—	—	—	"
SLUM C	$70	—	—	15	2	—	—	$53⅞
VW C	DM.170	—	—	23	2.20	—	—	DM155.50

TOTAL VOLUME IN CONTRACTS 5289
A=Asked B=Bid C=Call P=Put

Joseph Holt

PRE-TAX *profits for Joseph Holt,* brewers and wine spirit merchants, *rose midway from* £772,984 to £871,872 for the period ending June 20 1981. The net interim dividend is again 2p. The last full year's dividend was 7.5p paid from pre-tax earnings of £1.38m.

Turnover for the period was higher at £3.23m (£2.61m). Tax rose to £453,372 (£401,952) leaving attributable profits up at £418,500 (£371,032). Stated earnings per 25p ordinary share were 13.95p (12.37p).

THE TRING HALL
USM INDEX
119.0 (−1.7)
at close of business 18/9/81
BASE DATE 15/11/80 100
Tel.: 01-248 5675

CORAL INDEX
Close 517-522 (−15)

Garton Engineering remains in loss

Compared with a £216,000 loss in the second half of last year, *Garton Engineering* improved slightly to a £206,000 loss for the first six months of 1981, although it was a £547,000 turnround from the corresponding period in 1980.

Turnover fell from £6.57m to £4.88m.

And the interim dividend has been omitted (3.15p), in view of the current operating conditions, say the directors of this precision components and fasteners manufacturer—last year's final was 1p.

After a tax credit of £37,000 *(£11,000 charge)* and an extraordinary debit of £10,000 *(£12,000)*, the attributable deficit came out at £179,000 against a £318,000 surplus.

While the major restructuring of manufacturing facilities took place last year, further measures *may have to be taken to restrict* the production of the standard *product ranges which are still* suffering extreme competition in price and restricted sales in a depressed and depleted UK market, states Mr A. B. Garton, the chairman.

"Although we may have passed through the worst of the UK recession we have now to face the gathering recession in Europe which could well cancel the modest improvement which has occurred in the UK market."

He says that bank *borrowings* have remained virtually un*changed since the end of 1980.*

The group is continuing its policy of expansion into complementary product ranges and has recently acquired the assets of the A1 Nut Co. which has been integrated into the manufacturing facilities in Wednesbury.

CCP North Sea at £24,461 in first half

Excluding any effect of Buchan Field production, pre-tax profits of CCP North Sea Associates, petroleum exploration and exploitation concern, amounted to £24,461 for the first six months of 1981, compared with £164,076 for the whole of last year

Buchan came on stream on May 21 and the sales value, from that date to June 30, of production *attributable to a 6.35* per cent interest in licences *P241 is estimated at £1.7m.*

No cash flows have, however, accrued to the company as, in accordance with the farm-out *agreement, British Petroleum is* entitled to receive all the share of production attributable to the interest farmed-out until such time as BP has received an amount equal to the share of development costs carried by BP in respect of that interest.

CCP is reviewing with BP and others certain matters concerning the practical application of the farm-out agreement. Until these discussions are completed CCP is unable to finalise its accounting policies for production entitlements, its share of Buchan development costs, and related duties, royalties and taxes.

Interest income for the half year was £227,223, compared with £428,090 for the whole of 1980, and there was a £110,610 profit on the sale of government securities last time.

Exploration expenditure was £43,646 (£111,413 for year), interest on non-recourse loan £117,798 (£181,220) and other expenditure amounted to £41,318 (£81,991).

Profits were subject *to* corporation tax of £12,720 (£100,070), but the directors anticipate that no charge will *arise for the full year* because they intend to pay interest accrued in prior years, before the year end.

Company liquidations

The Department of Trade has made a rough estimate that company liquidations in the months April through to August, seasonally adjusted, averaged about 660 per month.

Reliable figures of company liquidations for the period are still not available because of the after effects of the recent industrial action by Civil Servants.

The estimate compares with a seasonally adjusted average of 828 liquidations per month *for* January, February and March.

The Trade Department suggests in the official magazine, British Business, that the reduction in numbers since *March is a result of* the industrial action during the period.

SPAIN

Sept 18	Price %	+ or −
Banco Bilbao	385	+1
Banco Central	382	+2
Banco Exterior	335	+15
Banco Hispano	331	+3
Banco Ind. Cat.	119	
Banco Santander	385	+1
Banco Urquijo	249	+2
Banco Vizcaya	404	
Banco Zaragoza	270	
Dragados	205	+1
Espanola Zinc	78	
Fecsa	71.5	−0.7
Gal. Preciados	59	+1
Hidrola	81.5	−0.5
Iberduero	68.2	
Petroleos	122	−0.7
Petroliber	82	
Sogefisa	51	
Telefonica	87	
Union Elect.	78	−0.5

ABERDEEN CONSTN.

Aberdeen *Construction* Group has concluded arrangements with the Royal Bank of Scotland and National Commercial and Glyns *to provide it with a facility of* £10m.

This will partly finance the proposed office development at Hill of Rubislaw, Aberdeen, for BNOC (Development).

Bonusbond Holdings

PRE-TAX profits for Bonusbond Holdings were £222,958 for the half year to June 30 on turnover of £4.72m. Deductions included tax at £96,270 and an extraordinary item of £35,437.

Earnings per share were 3.62p. A dividend will be considered when results for the year are available. There are no comparisons as the company did not acquire its trading subsidiaries until July 30, 1980.

In its original offer for sale document, the company said that sales for the 14 months to December 31, 1980 were £10.39m and pre-tax profits were £139,000.

The tax charge was made after a credit of £12,449 for deferred tax, which is not likely to become payable in the near future.

The directors anticipate there will be sufficient capital allowances available to *eliminate* any current tax charge for the year to *December 31, 1981.*

The extraordinary item represents the cost incurred in connection with the application for the ordinary shares to be listed on the Stock Exchange.

Wall St. continues to fall

STOCKS CONTINUED to decline, but at a slower pace, in featureless trading on Wall Street yesterday, when investors moved to the sidelines amidst concern about the worsening economic outlook.

By 1 pm the Dow Jones Industrial Average was down another 4.38 to 835.71, making a fall of 30.44 on the week, while the NYSE All Common Index, at $67.27, shed 56 cents on the day and $3.05 on the week. Declines led advances by a two-to-one majority in a volume of 35.77m shares.

Analysts said the Stock Market is still reacting to Thursday's news that August Housing Starts fell to their lowest level since February 1975.

Turnover has also slowed ahead of the Money Supply figures, to be announced after the close, which are expected to be up slightly.

One analyst said the market is also receiving pressure from selling by portfolio managers who are trying to clean their accounts of any poor performers before the end of the third quarter.

Several large blocks of stock were traded.

A 1m share block of Ralston Purina traded at $11½, unchanged. Other large trades included 722,000 shares of Toro at $7½, off $½, and 390,000 shares of J. P. Stevens at $12⅝, off $⅝.

Chicago Milwaukee dropped $8¼ to $44¼ after an opening delay due to an imbalance. The Interstate Commerce Commission recommended that service on parts of its line be discontinued.

Newmont Mining rose $1⅛ to $61⅝—it is trying to stem a possible takeover move by Consolidated Gold Fields.

Dome Mines declined $1½ to $19—it is preparing to test two oil wells in the Beaufort Sea.

THE AMERICAN SE Market Value Index was off 4.74 to 300.93, making a fall of 30.12 on the week. Trading volume 4.28m shares.

Closing prices for North America were not available for this edition.

Canada

Further widespread losses developed by mid-day yesterday, when the Toronto Composite Index was off another 15.9 to 1,940.5.

The Gold Share Index fell 96.9 to 3,566.9, Oil and Gas 51.5 to 3,749.4, Metals and Minerals 3.9 to 1,973.1, Banks 2.03 to 335.83 and Papers 1.44 to 206.03.

Tokyo

Prices continued to advance, led mainly by Blue Chips. Trading accelerated to 240m (200m) shares, in part because of participation of Foreign investors.

Foreign investors, who had stayed away because of the Yen's weakness and high interest rates in the U.S., began returning. Brokers said a decline on Wall Street Thursday as well as general uncertainties about the future of the economy under the Administration of President Reagan apparently prompted them to shift their attention once again to Tokyo.

Pharmaceuticals improved, among them Ono Pharmaceutical and Yamanouchi Pharmaceutical. Such Textiles as Toray Industries and Asahi Chemical Industry that have been branching out into other fields were popular.

Steels and Shipbuilders rose on speculation on improved earnings.

Sumitomo Metal Mining, up Y19 to 255, led metals on reports that it has discovered a gold mine.

But Energy shares, Precision Instruments, Constructions and Chemicals were generally softer.

Germany

Share prices closed mixed after quiet trading, with investor interest distracted from stocks by the active West German Bond Market, where prices continued to rise.

Chemicals were narrowly mixed, major Steels were steady, Machine Makers closed broadly lower, Motors were also lower.

Rising demand for mark-denominated Bonds drove prices higher. Domestic Bonds showed gains up to DM 1. The most recent Federal Bond issue, equipped with a 10.75 per cent coupon, rose to 101.2 per cent from around 100.5 per cent. New Euromark issues posted lesser gains.

Deutsche Bundesbank sold DM 82.9m in Public sector Bonds to balance the market.

Australia

Prices drifted down in quiet trading, with selling restrained despite nervousness on World Precious Metal Markets and the sharp overnight fall on Wall Street.

WMC finished 10 cents down at $A5 after reporting it was plugging and abandoning its Acacia No. 1 well due to a cave-in and a lack of testing equipment. Further oil indications were encountered and another well is planned.

Metal issues tended to weaken following news the U.S. General Services Administration planned to sell 1.25m ounces of silver a week, starting shortly.

Market yardstick, BHP, finished 15 cents down at $A11.80, after trading at a 1981 low of $A11.75.

Vamgas regained 40 cents to $A9.70. But this was about the only bright spot in a generally weak Oil and Gas market.

Despite gold price falls on Bullion Markets, local issues held up well with GMK adding 40 cents at $A5.40 and CN Gold up 20 cents at $A8.20.

Peko Wallsend continued its steady upward climb adding 14 cents at $A7.04 and Aberfoyle put on 26 cents to $A5.96.

Hong Kong

Generally lower, the Hang Seng Index finished down 9.64 at 1,493.15, the first time since May 13 that the indicator closed below 1500.

The after-hours announcement of a Rights issue of Preference shares in Sun Hung Kai Properties could also drag down prices next week. The issue is reported to be over $HK450m, much more than had been expected.

Brokers said there was some sign that Institutions were picking up Blue Chips at bargain prices, which helped push the "Hongs" up.

Among lower Properties, the worst fears of many speculators were confirmed when Hysan Development, a well received new issue, made its trading debut by opening at 85 cents and closing at 86 cents, well down from the par value of $HK1.

Paris

French and Foreign stock prices were marked down by 1.5 per cent on average in a moderately active pre-weekend session. Investors were nervous on rumours that a readjustment of currency parities within the European Monetary System (EMS) is imminent.

Since this would imply a de facto devaluation of the French franc in relation to the D-mark, operators were lightening their portfolios of French stocks and investing in German securities.

Declines predominated in practicaly all sectors, although some scattered resistance was observed among Oils and Metals.

Germans were strongly favoured, especially BASF and Deutsche Bank, and Oils and Japanese issues were also in demand. Americans finished mixed. Gold Mines and Coppers were mostly weak.

Switzerland

Share prices closed little changed after a swell of foreign buying early in the session, sparked by the strength of the Swiss franc, proved short-lived. The lack of "add-on" orders caused most of the initial gainers to drift back to their Thursday closing prices.

Elektrowatt rose SwFr 45 to 2,395 after Thursday's publication of further details about its capital increase.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

DENMARK

FRANCE

GERMANY

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRIA

BELGIUM/LUXEMBOURG

AUSTRALIA

JAPAN (continued)

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.77½ (Discount of 27%)

BRAZIL

Indices

NEW YORK ACTIVE STOCKS

INTERNATIONAL COMPANIES and FINANCE

Envirotech aiming for financial links

By Our Financial Staff

ENVIROTECH, the Californian industrial process equipment group which is 28 per cent owned by Estel of Holland, is discussing the possibility of "financial affiliations" with a number of companies.

Announcing this yesterday, the company also unveiled a major loss for the year ended March, 1981, and said that it was in the process of arranging a substantial bank credit in order to "provide the financial resources necessary to conduct business for the forseeable future."

Envirotech provided little background detail, other than that the bank credit would total $85m. On its co-operation discussions with third parties it said that as yet no agreements in principle had been signed.

The company's profits have been under severe pressure for a number of years falling from $3.33 a share to 19 cents in the two years to 1979-80. It recently disposed of several loss-making interests in various fields of pollution control.

For last year losses totalled $12.3 a share with some 90 per cent of the deficit stemming from operations now discontinued. For the first quarter of 1981-82 Envirotech has moved back into the black with net earnings of 42 cents a share.

Last year's sales reached $390m against $357m in fiscal 1979-80.

Bos Kalis forecast

Bos Kalis Westminster, the Dutch construction group, expects to close 1981 with net earnings of about Fl 50m ($19.4m) on turnover of Fl 2.5bn. In 1980 profit totalled Fl 51.5m.

Arab shareholders buy out partners in FRAB-Bank

BY TERRY DODSWORTH IN PARIS

ARAB SHAREHOLDERS are buying out their European partners in Banque Franco-Arabe d'Investissements Internationaux (FRAB-Bank), one of the first banks to be established in Paris with the participation of Arab capital.

The deal mainly involves Societe Generale, the French nationalised bank, which owns, either directly or indirectly, about 25 per cent of FRAB. But other non-Arab investors are also disposing of their stakes, including banks in Belgium, Switzerland, Japan and Greece, for a sum estimated at around $25m. FRAB's balance sheet last year was FFr 4.8bn ($1.3bn at the time) and net profits to FFr.5m.

FRAB Bank was created 12 years ago and has since been followed by similar consortia combining Arab capital with the big French nationalised banks. Credit Lyonnais is a partner in UBAF and Banque Nationale de Paris in BAII.

While Saudi Arabian and Kuwaiti interests have the leading Arab share in FRAB, the Bank also groups capital from Algeria, Libya and Morocco. A significant part of its business is in export credits to North Africa, although it is also active in the Eurocredit market.

M Yves Bernard, chairman of FRAB, said yesterday that the idea of the original consortium had been to bring together European and Arab interests at a time when neither side was particularly familiar with the other. Today, however, Societe Generale had its own network of branches in the Middle East and Africa, while the Arab investors had reached a point where they could develop their own international activities.

G & J sells U.S. edition of Geo

BY KEVIN DONE IN FRANKFURT

GRUNER UND JAHR, the magazine publishing subsidiary of Bertelsmann, the leading West German media concern, has sold its troubled U.S. edition of Geo to a Californian publisher.

G. and J. has pumped more than DM 50m ($22m) into the loss-making publication since its launch on the American market in the spring of 1979, but the company saw little chance of the venture breaking even before 1984-85 at the earliest.

Against powerful opposition in the U.S. market from established titles such as National Geographic, Bertelsmann's Geo failed to meet any of its original circulation targets.

Its current circulation of 250,000 has remained far behind the target of at least 320,000 for 1981; and an expensive relaunch and editorial shake-up earlier this year did little to improve the magazine's fortunes. The present publisher recently estimated 600,000 would be necessary to take it out of the red.

Geo has been sold to Knapp Communications of Los Angeles together with all English language rights to the publication of Geo material. The sale price was not given.

Bertelsmann is holding on to its successful editions of Geo in West Germany (started in 1976 and now with a circulation of 460,000) and in France (launched in spring, 1979, and with a sale of 320,000). Editorial material from these editions will be made available to Knapp Communications for the U.S. edition.

Knapp already publishes two other up-market monthly magazines in the U.S., Architectural Digest (558,000 circulation) and Bon Appetit (1.3m circulation).

Further co-operation between Bertelsmann and Knapp is likely and the German media concern is carrying out feasibility studies for launching Architectural Digest on the German and other European markets.

G and J's remaining important titles in the U.S. are Parents (1.55m circulation) and Young Miss (400,000), while its German stable includes Stern, a leading German weekly magazine, Brigitte, the fashion weekly, and Capital, a monthly business magazine.

Boustead interim income halved

BY WONG SULONG IN KUALA LUMPUR

BOUSTEAD HOLDINGS, the Malaysian plantation and trading group, has suffered a sharp setback in earnings. For the six months ended June, pre-tax profit was down by 47 per cent to 8m ringgit ($3.4m) although turnover was 8 per cent higher at 86m ringgit.

Mr Alan Charton, chairman, is still confident that the group's projected profit of 23m ringgit for the full year could be met, although he said this would depend very much on commodity prices in the coming months.

Boustead's 56 per cent-owned publicly listed plantation subsidiary, Malakoff, suffered a 47 per cent drop in pre-tax profit to 2.8m ringgit.

Rubber production was maintained, but output of palm oil fell by 9 per cent. Prices obtained for palm oil was marginally lower, but rubber prices fell substantially. Crop production prospects are encouraging.

Boustead's trading activities did not enjoy the same growth rates as previously because of the slow down in the Malaysian economy. The problems encountered by its 70 per cent own brass foundry, Progress Delta, were of particular concern.

Boustead's 70 per cent-owned liquor distributor, Riche Monde, also experienced slower sales due to stiff taxes. An interim dividend of 10 per cent, amounting to 5 Malaysian cents a share, has been declared.

Earnings plunge at Caltex Australia

By Our Financial Staff

CALTEX AUSTRALIA, the offshoot of the Caltex oil group of the U.S., suffered a 49 per cent fall in net profits in the six months to June 30, to A$12.9m (U.S.$14.7m), from A$31.3m in the first half of 1980.

The results are the first to be produced by the company since the parent, Caltex Petroleum, floated off a 25 per cent stake to Australian investors, earlier this year, in the first such issue of significant size for many years. It was heavily oversubscribed.

Caltex Petroleum is a joint venture by Standard Oil of California and Texaco.

The earnings setback came despite a 40 per cent increase in turnover to A$ 717.1m (U.S.$ 820m), from A$ 511.2m.

The result, the directors said, was "disappointing." Behind it, however, had been increased prices for petrol and distillate imported while the company's local refinery was shut down.

Caltex Australia has lately made a major move with its agreement to purchase the Golden Fleece petrol retailing operations from H. G. Sleigh for A$ 100m.

Hang Lung doubles profits

By our Hong Kong Correspondent

HANG LUNG Development Company, one of Hong Kong's middle ranking property companies, which has taken the lion's share of the sites for the Island line system of the mass transit railway, yesterday reported a 99 per cent increase in net profits attributable to shareholders in the year ended June 1981.

Net attributable profits were HK$220.9m (U.S.$37m), up from HK$110.9m in the previous year. No breakdown was given.

The company plans to pay a final dividend of 38 cents a share, bringing the total payment to 58 cents, a 39 per cent increase. It also plans a one-for-two scrip issue. After the scrip has been paid, it will divide all issued and unissued shares of HK$2 each into two shares of HK$1 each.

Investors seek to buy Kaiser Steel

BY DAVID LASCELLES IN NEW YORK

A GROUP of private investors has said it plans to negotiate to buy Kaiser Steel, the Californian steel company which almost went into liquidation last year.

The group is headed by Mr Stanley Hiller, a Californian businessman who is chairman of Baker International, the large oil equipment company, and director of several corporations including Boeing.

The group has already acquired an option to buy the 17 per cent stake in Kaiser owned by the Henry J. Kaiser family foundation for about $60m. This is considered to be the controlling block. Last July, Mr Roger Tamraz, the Middle East investor, failed to agree terms to buy the block himself.

The group is buying the foundation's shares for $50 each, compared with a recent market price of $37. This places a total value on Kaiser of about $350m.

Should the Hiller group's bid for Kaiser succeed, it would remove the long-standing question mark over the steelmaker, which owns the only steelmaking capacity of any consequence on the U.S. West Coast. The company has been in difficulty for some time and seriously considered going out of business a year ago.

Kaiser Steel is back in the black again thanks to stringent cost-cutting and divestitures, and it has large coal reserves which are viewed as an important asset. Its major financial problem, however, is a large unfunded pension liability.

Mr Andrew Racz, a Wall Street investment broker who follows Kaiser Steel closely, said yesterday that the company's earnings prospects were very good

CIBC to raise $100m

BY ALAN FRIEDMAN

THIS WEEK'S improving Eurobond market was capped yesterday with a $100m 10-year offering for the Canadian Imperial Bank of Commerce (CIBC), Canada's second largest chartered bank. Hambros Bank is managing the issue, which carries a 16¼ per cent coupon and is priced at par.

Canada's Federal Business Development Bank, a government agency, also chose to come to the Eurobond market yesterday with a C$50m five-year issue. The Bonds have a coupon of 17¼ per cent and the syndicate is led by Wood Gundy.

In the Deutsche Mark sector yesterday, a DM 100m bond issue for Belgelectric was launched by Deutsche Bank.

The Belgelectric issue carries an 11 per cent coupon, matures in 1991, and is priced at 99 to yield 11.17 per cent. Its arrival yesterday came amid reports of increasing demand for new issues in the improving Deutsche Mark sector.

The recently launched Fl 200m bond issue for the European Investment Bank had its coupon cut to 12¾ per cent from 13 per cent yesterday. The change in coupon, attributed to market conditions, was announced by lead manager Amsterdam-Rotterdam Bank.

As expected, the Government of Thailand yesterday went ahead with its Y 10bn samurai bond (a Japanese issue for a foreign borrower). But the indicated coupon was raised from 9 per cent to 9.2 per cent. Lead-manager on the 10-year notes is Daiwa Securities.

Japan government bonds higher

BY RICHARD HANSON IN TOKYO

JAPAN'S Ministry of Finance was nearing agreement yesterday with underwriters in Tokyo on improved terms for this month's issue of Y700bn ($3bn) in long-term government bonds.

This will be the first public issue since June. Bond market conditions since then have deteriorated under pressure from high U.S. interest rates.

The coupon will be raised to 8 per cent from 7.6 per cent in the previous issue. It appears that the bonds will be priced at 98 per cent or 98.25 per cent of par. The result will be a rise in the government's borrowing cost to slightly over 8.3 per cent from under 8 per cent in June.

Citicorp splits up treasury control

By Our New York Staff

CITICORP, THE largest New York bank, confirmed yesterday that it had redistributed responsibility for its funding and money market operations, claiming that the load was too much for one person.

Mr Donald Howard, the executive vice-president and chief financial officer, who previously managed the entire treasury operation, is to concentrate on intermediate and long-term funding, liquidity standards and credit lines.

Responsibility for money market operations, U.S. Government bond trading and marketing will be transferred to Mr Mark F. Kessenich, a senior vice-president. U.S. treasury funding operations and foreign exchange will go to Mr Michael Callen, senior vice-president, who had been heading Citicorp's Saudi Arabian bank.

Citicorp has made some questionable funding decisions in the last year or so which have seriously hurt earnings, and there is speculation in Wall Street that the changes have been designed to clip Mr Howard's wings. But Citicorp said yesterday that the bank's funding job was "the biggest in the industry" and that it had been decided to divide responsibility among several people.

Liquid Air sale blocked by U.S.

By Our New York Staff

LIQUID AIR, the U.S. subsidiary of L'Air Liquide, the French industrial gases group, has found that the U.S. anti-trust authorities are still alive and well, despite the softening of policy favoured by the Reagan Administration.

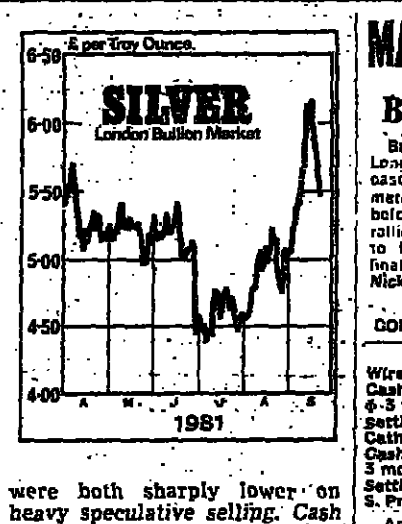
Liquid Air, which is based in San Francisco, had planned to sell off part of its carbon dioxide business to Allegheny International, the large Pittsburg-based industrial group.

However, the Federal Trade Commission has blocked the sale on the grounds that Allegheny has a carbon dioxide business which competes with Liquid Air's, and that the sale would have reduced competition.

COMMODITIES/REVIEW OF THE WEEK

Silver hit by U.S. stockpile sales plan

BY OUR COMMODITIES STAFF



SILVER PRICES fell dramatically this week following a statement that sales of stockpile silver from the U.S. strategic stockpile would start soon after October 1 with offerings of 1.25m a week. The London bullion spot quotation which reached a high point of 633.05p on Monday was cut to 547.8p a troy ounce at yesterday's morning fixing. Values closed around 554p after touching a low of 535p.

Traders were somewhat surprised by the violent reaction of the market to the stockpile report, since it had been known for some months that sales of surplus stockpile silver were planned to start at the beginning of the 1982 fiscal year.

In July the U.S. Congress approved legislation authorising the sale of 46.5m ounces of stockpile silver in the 1982 fiscal year, followed by sales of 44.68m and 13.8m ounces in the next two fiscal years. A feature of the legislation was that the sales were confined within the specified period so it had been anticipated that offerings of at least 1m ounces a week would be needed.

The fall in silver hit other metals too. Free market platinum, which reached a peak of £251.10p on Monday fell yesterday to £237.75p a troy ounce.

Copper prices were affected too, with cash wirebars losing £11.25 on the week at £942 a tonne. Although lead and zinc were steady yesterday, they were both sharply lower on heavy speculative selling. Cash lead was £41 down on the week at £408.5 a tonne and cash zinc £31 lower at £511.5 a tonne.

Cash nickel lost £160 to £3,230 a tonne, in spite of a strike starting at International Nickel's Thompson, Manitoba, plant which normally produces 30 per cent of the company's total output. But tin values continued to be buoyed up by heavy buying by influential dealers, who bought 2,000 tonnes on Thursday alone at a cost of more than £16m. Cash ended the week £120 up at £8,265 a tonne.

World sugar prices rallied strongly yesterday, following the announcement by the European Beet Planters Federation and Sugar-Manufacturers Committee in Paris that they had decided to stock part of this year's bumper crop and had appealed to the EEC Commission to limit exports too because of their depressing effect on the world market. It was the prospect of massive EEC exports, and the authorised sale of more than 100,000 tonnes this week alone, which yesterday morning drove the London daily price for raw sugar down to £152 a tonne—its lowest level since 1979.

But the January futures position yesterday jumped by £8.625 to £165 a tonne.

Coffee values rose strongly in the latter part of the week on rising hopes that a successful conclusion would be reached at the London talks on agreeing the terms of next season's International Coffee Agreement. On the London Robusta futures market the November position closed last night at £1,037.5 a tonne, after dipping to a low of £959.5 on Wednesday.

The talks, which were due to end yesterday, are expected to continue over the weekend and new deadline of Wednesday next has been fixed. In spite of market optimism only slow progress has been made on the key issues of dividing up export quotas and fixing the "trigger" price levels.

Natural rubber prices continued to slide this week in the face of continuing poor demand and surplus supplies. The No. 1 RSS spot price lost 3p to 55.5p a kilo — its lowest level since May and nearly 10p below prices in early August.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1981 High	1981 Low
METALS					
Aluminium	£810/815	—	£810/815	£810/815	£760/70
Free Markets c.i.f.	$1175/1205	–25	$1650/680	$1600/1530	$1125/165
Antimony	$2700/2775	–12.5			
Free Market 99.6%			$3,200/250	$3200/3250	$2700/775
Copper Cash Wire Bars	£942	–11.25	£862	£1,025.5	£755
3 months Do. Do.	£975.75	–7	£889	£1,052.75	£777.5
Cash Cathodes	£941	–11	£833.5	£1,025	£748.5
3 months Do.	£959.5	–8	£862.25	£1,046	£765.5
Gold per oz	$447.5	–2.5	$677.5	$601	$390
Lead Cash §	£408.5	–41	£366.5	£502	£273.75
3 months §	£420.5	–37.25	£402.52	£499.5	£285.25
Nickel	£4,106.26	—	£3,205	£4,087.5	£3,156
Free Market c.i.f. lb	265/290c	—	$290/315c	295/310c	265/290c
Platinum per oz	£260	—	£202	£260	£202
Free Market per oz	£237.75	–13.15	£291.30	£250.90	£185.60
Quicksilver (76lbs.)	$428/433	+3	$410/420	$428/438	$355/365
Silver per oz	547.80p	–53.25	878.60p	671.20p	428.50p
3 months per oz	567.00p	–52.45	913.10p	695.70p	441.20p
Tin cash	£8265	+120	£7,265	£8,265	£5,700
3 months	£8292.5	+7.5	£7,335	£8,355	£5,865.5
Tungsten Ind.	$145.86	–0.48	$145.76	$149.08	$140.56
Wolfram (22.04 lb)	$144/148	......	$151/154	$151/155	$142/145
Zinc cash	£511.5	–31	£346	£553.5	£306.5
3 months	£528.5	–27	£356.75	£566.5	£318.25
Producers	$1000	—	$780	$1000	$823
GRAINS					
Barley Futures	£101.20x	–0.5	£93.55	£103.00	£94.40
Maize French	£126.75	–0.25	£122.5	£130.00	£119.75
WHEAT Futures	£107.40x	–0.35	‡	£121.10	£99.10
Hard Winter Wheat	‡	—	£97.75	£124	£102.0
SPICES					
Cloves (g)	£6,500y	—	£5,195	£6,500	£3,800
Pepper, white	$1,900y	+50	$2,325	$2,160	$1,850
" black	$1,350y	+50	$1,725	$1,650	$1,225
OILS					
Coconut (Philippines)	$525y	—	$600	$640	$525
Groundnut ££	‡		‡	‡	‡
Linseed, Crude	£452	—	£365	£460	£400
Palm Malayan	$505z	—	$520	$648	$500
SEEDS					
Copra (Philipines)	$340	–15	$405	$430	$330
Soyabeans (U.S.)	$271.75z	—	$346	$340	$271.75
OTHER COMMODITIES					
Cocoa Shipment§	£1,405	+3	£1,061	£1,415	£850
Cocoa Futures Dec	£1,294.5	+3	£1,030.5	£1,306.5	£789.5
Coffee Futures Nov	£1037.5	+50	£1,079	£1,167.5	£735.5
Cotton Index	76.35c	–1.15	99.90c	101.15c	76.35c
Des Coconut	£680	—	£640	£680	£640
Gas Oil Fut. Oct	$302.5	–3		$307.75	$269
Jute LJ ABW C grade	£253y	—	£201	£253	£219
Rubber kilo	55.5p	–3	60p	65.25p	51.5p
Sago Pearl	£262y	+20	£205	£232	£197
Sisal No. 3	$685	—	$885	$780	$705
Sugar (Raw)	£152yx	–10	£372	£315	£152
Tapioca No. 1	£235y	—	£212	£235	£207
Tea (quality) kilo	122p	—	140p	128p	117p
(plain) kilo	‡	—	58p	81p	59p
Wooltops, 64s Warp	396p kilo	—	391p kilo	400p kilo	394p kilo

‡ Unquoted. (g) Madagascar. (x) Nov. (y) Sept/Oct. (v) Oct/Nov. (u) Nov/Dec. (z) Oct. * Nominal. § Ghana cocoa.

MARKET REPORTS

BASE METALS

Base-Metal Prices were mixed on the London Metal Exchange. Copper eased to £974 reflecting lower precious metals prices. Tin touched £8,325 before closing at £8,280 while Lead rallied from £413 in the pre-market to finish the day at £421. Zinc was finally £530. Aluminium £668.5 and Nickel £3,145.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	941.5	–13	941.5-2.5	–5.5
3 mths	974.5-5	–14	975.5-6	–7
Settlem't	941.5	–13	—	......
Cathodes				
Cash	933.5-4 0	–13.7	940-2	–5
3 months	969.5	–15.5	969-70	–2.5
Settlem't	940	–14	—	......
U.S. Prod.	—		*82.7-6.5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £940, 40.5, 41, three months £977.5, 77, 76, 73, 74, 73.5, 73, 73.5, 74, 74.5, 75. Cathodes, cash £940, three months £968. Kerb— Wirebars, three months £975, 74. Afternoon: Wirebars, higher grade, three months £974, 73.5, 73, 73.5, 74, 75, 74.5, 75, 75.5, 76, 75.5. Kerb Wirebars, three months £976, 75, 74, 74.5, 73.5, 74, 74.5, 75, 75.5, 75. Turnover: 23,476 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8280-90	+60	8260-70	+38
3 months	8300-5	+45	8290-5	+27.5
Settlem't	8290	+60	—	......
Standard				
Cash	8280-90	+60	8260-70	+38
3 months	8300-5	+45	8290-5	+27.5
Settlem't	8290	+60	—	......
Straits E.	‡$35.26	–0.08	—	......
New York	—	......		

Tin—Morning: Standard, cash £8,280, three months £8,320, 30, 20, 10, 05, 8,300. Kerb: Standard, three months £8,310, 8,300, 8,290. Afternoon: Standard, cash £8,280, three months £8,300, 8,280. Turnover: 1,785 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	402.5-3.5	–10.2	408-9	+5
3 months	414.5-5	–10.5	420-1	+4
Settlem't	403.5	–10		......
U.S. Spot	—	......	*40-4	......

Lead—Morning: Three months £413, 12, 13, 14, 15, 16, 15, 14.5. Kerb: Three months £415, 15.5, 16, 15, 15.5, 15, 14.5. Afternoon: Three months £416, 15, 16, 18, 19, 20, 19, 18.5, 19, 20. Kerb: Three months £419.5, 20, 21, 20.5, 21. Turnover: 10,875 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	505.6	–6	511.2	+4.6
3 months	521.5-2	–7	528-9	+3
ment	506	–6	—	......
Prime Wst	—	—	*49.75-50	......

Zinc—Morning: Cash £506, three months £521, 21.5, 22, 21.5, 21, 21.5, 22, 21.5. Kerb: Three months £522, 23, 22, 21.5. Afternoon: Three months £522, 22.5, 23, 25, 26, 26.5, 25, 26, 26.5, 27. Kerb: Three months £528, 27.5, 27, 26, 27, 25, 26, 28, 30. Turnover: 9,925 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	639.5	–2.75	643.5-4.5	+1
3 months	665.5-6	–2.75	669.5-70.5	+2.5

Aluminium—Morning: Cash £639, three months £667.5, 67, 67.5, 68, 67, 66, 65.5, 66. Three months £665.5, 66, 67. Afternoon: Three months £677, 67.5, 68, 69, 70. Kerb: Three months £670.5, 70, 69, 68, 67. Turnover: 5,875 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3050-60	+20	3065-75	+45
3 months	3135-40	+15	3145-55	+52.5

Nickel — Morning: Three months £3,140, 35. Afternoon: Three months £3,145. Kerb: Three months £3,155.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close. ● High grade cathodes deliverable from Sept 1.

SILVER

Silver was fixed 48.35p an ounce lower for spot delivery in the London bullion market yesterday at 547.80p. U.S. equivalents of the fixing levels were: spot $10.05, down 99c; three-month $10.472, down $1.031; six-month $10.93, down $1.08; and 12-month $11.818, down $1.185. The metal opened at 535½-541p ($9.80-9.90) and recovered to close at 540½-546½p ($9.95-10.05).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	547.80p	–48.5	544.00p	–19
3 months	567.00p	–49.5	563.45p	–13.5
6 months	586.00p	–50.8	—	......
12months	630.00p	–54.0	—	......

LME—Turnover: 115 (244) lots of 10,000 ozs. Morning: three months 566, 67, 66, 68, 67. Kerb: three months 567. Afternoon: three months 565, 66, 64, 63. Kerbs: three months 563.5, 64, 65, 66, 65.

COCOA

Futures remained steady throughout another featureless day as prices continued to adjust to the prevailing sterling/dollar exchange rates. Physical business continued to be ignored, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Sept	1232-55	+9.5	—
Dec	1294-95	+13.0	1295-85
March	1314-50	+14.0	1315-05
May	1327-28	+16.0	1328-17
July	1335-38	+16.0	1338-26
Sept	1345-46	+18.0	1335-34
Dec	1350-58	+14.0	1348-43

Sales: 1,276 (1,669) lots of 10 tonnes.

ICCO—Daily price for Sept 17: 106.60 (104.46): Indicator prices for Sept 18: 106.35 (106.41).

COFFEE

Constructive chart patterns provided extra incentive for a strong rally after a higher opening, reports Drexel Burnham Lambert. Values continued to make good headway despite persistent trade selling. Profit-taking cut into gains but with New York limit up, London soon recovered.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	1014-16	+47.0	1014-980
Nov	1037-38	+43.0	1045-05
Jan	1053-54	+49.0	1054-10
March	1059-60	+41.5	1060-28
May	1065-68	+41.0	1068-43
July	1075-78	+42.5	1075-50
Sept	1085-95	+45.0	1060

Sales: 5,801 (3,485) lots of 5 tonnes.

ICO Indicator prices for Sept 17: (U.S. cents per pound) Comp. Daily 108.59 (105.78): 20-day average 103.44 (102.49).

GAS OIL FUTURES

The market drifted lower after opening unchanged in the face of continuing weakness in the physical market. A short-covering rally pushed the market to the highs on the close, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
September	299.00	–1.00	299.00-99.00
October	302.50	–0.75	303.25-01.50
November	305.75	–0.25	360.50-04.50
December	309.00	+0.25	308.00-07.00
January	312.00	+0.50	312.00-10.25
February	314.00	–1.00	314.25-12.50
March	316.50	—	316.50-16.50
April	319.00	–0.25	—
May	320.75	–0.25	—

Turnover: 883 (473) lots of 100 tonnes.

GRAINS

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent. Oct 112.85, mid Oct/mid Nov 113.50, Nov 114.25, mid Nov/mid Dec 115.20, Dec 117.25. Trans shipment East Coast sellers. Maize: French Oct 126.75 trans shipment East Coast sellers. Barley: English Feed fob Sep 103.50, Oct 104.75 down to 104 traded East Coast. Rest unquoted

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Sep	105.40	–0.70	99.25	–0.50
Nov	107.40	–0.25	101.20	–0.60
Jan	111.10	–0.55	104.90	–0.50
Mar	114.40	–0.80	108.30	–0.55
May	118.15	–0.70	111.80	–0.60
July	121.60	–0.70	—	—

Business done—Wheat: Sept 105.75-105.30, Nov 107.60-107.25, Jan 111.30-110.90, March 114.90-114.35, May 118.55-118.00, July 122.00-121.55. Sales: 475 lots of 100 tonnes. Barley: Sept 99.60-99.20, Nov 101.45-101.15, Jan 105.15-104.80, March 108.60-108.30, May 112.10-111.75. Sales: 319 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Other milling wheat: Eastern 108.00, E. Mids 115.00, N. East 104.00. Feed barley: Eastern 101.00, E. Mids 96.00, N. East 98.00, Scotland 97.00. The UK Monetary Coefficient for the week beginning Monday September 21 1981 will change to 0.959.

RUBBER

The London physical market opened slightly steadier, and with fair interest throughout the day, and closed quiet. Lewis and Peat report a fob price for No. 1 RSS in Kuala Lumpur of 252.0 (251.5) cents a kg and SMR 20 196.5 (198.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Oct	55.70-55.90	55.80-56.80	—
Nov	55.60-56.80	56.50-56.80	—
Oct-Dec	56.60-56.70	56.60-56.70	56.80-56.60
Jan-Mar	59.80-59.70	59.40-59.50	60.20-59.50
Apl-Jne	62.80-62.90	62.50-62.60	63.40-62.60
Jly-Sept	66.00-66.10	65.70-65.80	66.10-66.00
Oct-Dec	69.30-69.40	68.90-69.00	69.50-69.30
Jan-Mar	72.50-72.60	72.20-72.60	72.60-72.40
Apl-Jne	75.60-75.70	75.30-75.40	75.50

Sales: 333 (602) lots of 15 tonnes: nil (1) lot of 5 tonnes. Physical closing prices (buyers) were: Spot 55.50p (55.25p); Oct 54.00p (53.75p); Nov 55.00p (54.75p).

SOYABEAN MEAL

The market opened 50p easier in quiet trading conditions, reports T. G. Roddick. Prices remained within narrow ranges. Late trade selling closed the market off the lows.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
October	140.00-41.5	+1.75	141.80-39.50
December	155.40-35.5	–2.10	156.50-35.40
February	137.50-38.0	–1.15	138.20-38.00
April	140.20-40.4	–1.45	—
June	141.80-42.2	–0.75	—
August	142.00-45.0	–0.50	—
October	145.00-48.0	–0.50	—

Sales: 55 (83) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw Sugar £152.00 (£154.00) a tonne cif Sept-Oct-Nov shipments. White sugar daily price £165.00 (£158.00).

Reports that quota "C" sugar would be stockpiled by producers lifted prices but half the gains were lost by the close, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Oct	155.50-58.50	148.00-48.40	157.50-49.50
Jan	164.00-58.00	158.00-58.75	168.50-62.00
March	173.80-73.85	166.75-67.00	176.85-66.75
May	177.10-77.20	170.50-70.75	180.00-71.00
Aug	180.75-81.25	174.00-75.00	183.75-77.45
Oct	183.75-84.25	177.00-77.50	188.00-82.05
Jan	184.00-85.00	177.50-80.00	—

Sales: 7,912 (7,353) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £360.4 (same) a tonne fob for home trade and £258.0 (£259.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Sept 17: Daily price 10.61 (11.30): 15-day average 11.57 (11.73).

AMERICAN MARKETS

NEW YORK, Sept 18.

WHEAT found light support on the close, while maize and soyabeans continued to be weak in absence of frost prospects. Gold attracted buying on dollar weakness and the tension in Poland while silver declined the daily limit on technical weakness following planned sales of silver from the U.S. Government stockpile. Sugar firmed on reports of possible European stockpiling. Coffee advanced the daily limit on expectations of agreement on ICO export quotas. Cocoa strengthened slightly in anticipation of buffer stock purchases, reported Heinold.

Copper—Sept 78.30-78.40 (77.75), Oct 79.00 (78.10), Nov 79.90, Dec 80.90-81.10, Jan 82.15, March 84.25-84.40, May 86.60, July 88.60, Sept 90.65, Dec 93.83, Jan 94.95, March 97.15, May 99.25, July 101.55.

*Gold—Sept 450.8 (442.1), Oct 451.0-452.5 (443.6), Nov 459.1, Dec 464.0-465.5, Feb 476.0-477.5, April 489.4, June 501.5, Aug 414.1, Oct 526.7, Dec 538.0, Feb 552.3, April 565.3, June 578.4.

*Platinum—Oct 438.5-441.5 (433.0), Nov nil (nil), Jan 453.0-458.0, April 470.5, July 485.0, Oct 503.3. Sales: 2,191.

Potatoes (round whites)—Nov 73.2 (75.3), Feb 83.5-84.0 (83.6), March 87.0, April 101.1-101.3. Sales: 1,019.

¶Silver—Sept 986.0-995.0 (972.0), Oct 1002.0 (1052.0), Nov 1018.0, Dec 1024.0, Jan 1049.8, March 1091.5, May 1112.0, July 1142.5, Sept 1173.0, Dec 1218.5, Jan 1234.0, March 1264.5, May 1293.0, July 1327.5. Handy and Harman bullion spot 1005.00 (1041.00).

Sugar—No. 11 Oct 11.05-11.10 (10.76), Jan 11.70-11.90 (11.60), March 12.55-12.60, May 12.92-12.94, July 13.21-13.22, Sept 13.43-13.45, Oct 13.60-13.62. Sales: 9,072.

Tin—680.00-691.00 (685.00-695.00).

CHICAGO, Sept 18.

Lard—Chicago loose 22.75 (same).

Live Cattle—Oct 68.00-67.97 (67.82), Dec 68.10-68.00 (67.82), Feb 66.15-66.07, April 65.85-65.90, June 66.62, Aug 66.35, Oct 65.50.

Live Hogs—Oct 50.90-50.95 (51.00), Dec 53.45-53.60 (53.52), Feb 53.60-53.70, April 50.65-50.45, June 52.60, July 52.70, Aug 50.95, Oct 49.00, Dec 51.00.

‡‡Maize—Sept 276½-277 (278½), Dec 293¾-292½ (296¾), March 312, May 322¾-323, July 331¾-332, Sept 336¾-336.

Pork Bellies—Feb 68.20-68.40 (68.35), March 68.25-68.60 (68.37), May 68.95-69.10, July 69.70, Aug 69.20.

†Soyabeans—Sept 664-663½ (668¾), Nov 664½-663 (672), Jan 685-184½, March 708½-709, May 730, July 748, Aug 752½, Sept 736, Nov 766.

‖Soyabean Meal—Sept 193.0-192.6 (193.5), Oct 199.0-199.2 (191.1), Dec 194.2-194.3, Jan 198.0-199.2, March 204.8-204.5, May 211.0, July 217.5, Aug 219.5, Sept 222.5-223.0.

Soyabean Oil—Sept 20.45 (20.67), Oct 20.62-20.60 (20.87), Dec 21.52-21.50, Jan 22.00-21.90, March 22.70-22.75, May 23.25-23.30, July 23.80-23.75, Aug 23.85-23.90, Sept 23.85-23.87, Dec 24.16.

†Wheat—Sept 402 (400), Dec 425-424½ (423½), March 451-450½, May 458-456½, July 456½, Sept 466½.

WINNIPEG, Sept 18.

§Barley—Oct 127.00 (128.00), Dec 121.70 (122.50), March 125.60, May 129.60, July 132.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 240.93 (241.04).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Thursday's closing prices

††Cocoa — Sept 2137 (2110), Dec 2221 (2202), March 2309, May 2351, July 2385, Sept 2415, Dec 2442.

Coffee—"C" Contract: Sept 118.25-118.75 (114.50), Dec 116.72 (112.72), March 114.13, May 114.50, July 115.29, Sept 115.66, Dec 114.63. Sales: 1,340.

Cotton — No. 2: Oct 64.15 (64.22), Dec 65.60-65.65 (65.82), March 68.10-68.15, May 69.95, July 71.40, Oct 74.15, Dec 75.15, March 76.00-77.00.

Orange Juice—Sept 124.50 (124.60), Nov 127.80 (126.50), Jan 131.00-131.10, March 133.45-133.60, May 135.85-136.20, July 138.25-138.40, Sept 139.75-139.90, Nov 140.25-140.30. Sales: 1,500.

CHICAGO, Sept 17.

Chicago Imm Gold — Sept 442.5 (450.5), Dec 457.5-456.5 (466.0), March 474.0, June 492.7, Sept 510.7, Dec 528.8, March 547.1, June 565.6.

INDICES

FINANCIAL TIMES

Sept. 17	Sept. 16	Month ago	Year ago
257.99	258.15	264.02	278.73

(Base: July 1, 1952=100).

MOODY'S

Sep. 17	Sept. 16	Month ago	Year ago
1025.5	1033.4	1059.5	1304.0

(December 31, 1931=100)

DOW JONES

Dow Jones	Sep. 17	Sept. 16	Month ago	Year ago
Spot	345.66	347.15	364.51	461.79
Fut'rs	370.50	367.64	378.93	478.97

(Average 1924-25-26=100)

REUTERS

Sep. 18	Sep. 17	M'nth ago	Year ago
1652.0	1654.5	1699.8	1761.4

(Base: September 18, 1931=100)

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: Buyer, Seller, Business). Australian cents per kg. Oct 494.5, 495.5, 495.0-494.5; Dec 506.0, 507.0, 506.5-505.0; March 517.5, 518.5, 518.0-517.0; May 529.0, 530.0, 529.0-526.0; July 534.0, 534.5, 535.0-534.0; Oct 531.0, 532.0, 532.0-531.0; Dec 534, 536.0, 534.0; Mar 538.5, 540.0, 539.0. Sales: 77

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business), New Zealand cents per kilo. Oct seller 398, nil; Dec 395, 400, nil; Jan 397, 401, nil; March 408, 409, 408; May 418, 419, 420-418; Aug 430, 434, 432; Oct 432, 434, 434; Dec 434, 437, 438; Jan 436, 439, 439-437; March 443, 446, 445. Sales: 24.

★

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed per stone): Shell cod £5.20-£6.00, codlings £2.60-£3.80. Small haddock £1.60-£2.20. Medium plaice £4.40-£4.70, best small £3.70-£4.20. Skinned dogfish (large) £7.50-£9.00, (medium) £7.00. Lemon soles (large) £9.50, (medium) £8.00.

POTATOES

LONDON POTATO FUTURES—Heavy initial selling moved all values around £2 lower, attracting further selling and triggering stop loss selling. Weekend books—squaring raised levels slightly, reports Colley and Harper. Nov 74.00, –2.30, (high 75.00, low 73.50); Feb 90.20, –3.00, (high 91.50, low 89.30); April 106.20, –3.30, (high 108.00, low 105.30). Turnover: 685 (408) lots of 40 tonnes.

Vietnam denial

VIETNAM yesterday formally rejected U.S. charges that its troops were spraying toxic chemicals on people in Laos and Kampuchea.

A Foreign Ministry statement, published by the Vietnam News Agency, accused the Reagan Administration of rehashing senseless slanders to cover up American war crimes in Indochina, Reuter reports.

Stock Exchange dealings

The list below, restricted mainly to equities and convertible stocks, has been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. It shows prices at which business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange's Talisman checking system.

The prices are not in order of execution, but in ascending order which denotes the day's highest and lowest dealing price.

For those shares in which no business was recorded in Thursday's Official List, the latest recorded business done during the previous four business days is given with relevant dates appended. The number of bargains done on Thursday in each section is shown against the respective sub-headings. Unless otherwise indicated the shares are 25p fully-paid.

‡ Bargains at special prices. Δ Bargains done with a non-member or executed in overseas market. ⊕ Bargains done previous day. $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—Jamaican; $Ma—$Malayan; $Mc—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BANKS, DISCOUNT (383)

BREWERIES (333)

COMMERCIAL (6,989)

A—B

Abbey Panels Inv. 850 60
Abercom Grp. (R0.30) 178
Aberdeen Construction Grp. 184 8
Aberthaw. Brist. Chann. Portl. Cem. 306 (16/9)
Abwood Machine Tools (10p) 9½
Acrow 65 (16/9). Do. Non. V. A 37 8 9 40. 8pc Ptly. Cnv. Uns. Ln. 47 ½ 8
Adams. Gibbon 93
Advance Services (10p) 62
Adwest Grp. 158 (16/9). 10½pcLn. 1980
Aero Needles Grp. 22 (16/9)
Aeronautica General Instruments 295
African Lakes 33
Alcan Aluminium 12¼ 3

Bellair Cosmetics (10p) 12
Bellway 73 9 82
Bemrose Corp. 52½
Benford Concrete Machinery (10p) 51
Benlox Hldgs. (10p) 33 6
Benn Bros. 72 (16/9)
Bentalls (10p) 41
Berec Gp 117 8 9 20
Berisford (S. & W.) 113 6 7 8 9 20 1
Bertrams 8 (16/9)
Berwick Timpo 46 7 (16/9)
Bestobell 405 8 9 12 3 4 5
Bevan (D. F.) (Hldgs.) (5p) 13 (16/9)
Bibby (J.) & Son (50p) 286 9 90

Eucalyptus Pulp Mills 222 (11/9)
European Ferries 68 ½ 9 ½ 70 ½
Eurotherm Intnl. (10p) 283 5 6 7
Eva Inds. 35½
Evered Co. Hldgs. 22 (15/9)
Evode Hldgs. (20p) 82 3 4
Excalibur Jewellery (5p) 13 (16/9)
Executex Clothes (20p) 21 (15/9)
Expanded Metal 50½ 4 5
Extel Group 250

F.M.C. 69
Fairclough Constn. Group PLC 140
Fairdale Textiles (5p) 22. A (Non-Vtg.) (5p) 20 1

Heal and Son (£1) 20 ½
Heath (Samuel) (50p) 315 20 (11/9)
Helene of London (10p) 21½
Helical Bar 23
Henderson (P.C.) 133 (16/9)
Henlys (20p) 75 6 7
Henriques (Arthur) (10p) 17½ 8
Hepworth Ceramic 110½ 1 ½ 3
Hepworth (J.) (10p) 93
Herman Smith (10p) 29 (16/9)
Heron Motor 25 6
Hestair 44 5
Hewden-Stuart Plant (10p) 31
Hewitt (J.) 55 6 7 8
Heywood Williams 32 3 ½

Harris Sheldon 52½ 0
Harris (P.) (Hldgs.) (20p) 110 1
Harris Queensway (20p) 130 2 3
Harrison (T.C.) 80
Harrisons and Crosfield (£1) 7½ 8
Hartwells Group 74
Hawker Siddeley 316 7 8 9 20 2
Hawkins and Tipson 23 (16/9)
Hawley Leisure 67 ½ 8 ½ 9
Hawtin (5p) 9¼ ½
Hay (Norman) (10p) 60
Haynes Publishing (20p) 142 (15/9)
Hazlewood Foods (20p) 217. New (20p) 220 (15/9)
Headlam. Sims and Coggins (5p) 35

Leadenflush (Hldgs.) (10p) 31
Lec Refrigeration 202 5 (16/9)
Lee (Arthur) (12½p) 15 (14/9)
Lee Cooper Grp. 128 30 2
Leech (William) (20p) 79
Leeds Dist. Dyers Finishers 59 (15/9)
Leigh Interests (5p) 151. 10pcLn 110 (15/9)
Lennons (10p) 55 6 8
Lep Grp (10p) 308 12 (16/9)
Lesney Products (5p) 17 8 9
Letraset (10p) 134 5 41
Lever (5p) 18½ 9
Lex Services 111 2 3 4. Tnd Ser. Wts. to Subscribe 30 (16/9)

Ward White Grp. 50 2
Waring Gillow 128
Warrington (T) Sons 82
Wassall (JW) (5p) 25
Waterford Glass (£0.25) 20 1
Watmoughs 193 4 (15/9)

Drayton Consd. Tst. 168. 7½pcLn. 134
Drayton Far Eastern Tst. 84 6. Combined Units 800 5 6 (16/9)
Drayton Premier Inv. Tst. 212 3 4 5. 7½pc A Ln. 1993 136 (16/9)
Dualvest Income Shs. (50p) 64½ (16/9). Capital Shs. (10p) 44 (16/9)

FINANCIAL TRUSTS (196)

INSURANCE (354)

INVESTMENT TRUSTS (335)

APPOINTMENTS

Senior posts at BP

Mr P. I. Walters is to replace **Sir David Steel** as chairman of the BRITISH PETROLEUM COMPANY on his retirement on November 28. **Mr P. J. Gillam** becomes a managing director on November 29 and, on the same date, **Mr R. S. Bateman** is made a director of the company's principal trading subsidiary, BP International, of which he is a deputy director. **Dr J. Birks**, managing director, intends to retire in the spring of next year.

*

Mr Brian McGillivray, the managing director of RENTOKIL, has resigned from the board. **Mr William Westphal**, chairman, has become chief executive and **Mr Kenneth Bridgman** has become the group's managing director.

*

Mr John Gooderham has been promoted to the newly-created post of international franchising director of PRONTAPRINT INTERNATIONAL. He will initially be responsible for establishing master franchising agreements within the EEC, Ireland, Sweden, South Africa, Australia and North America.

*

Mr Kent L. Pietsch has been named executive vice-president of CONTINENTAL ILLINOIS INTERNATIONAL INVESTMENT CORPORATION, a subsidiary of Continental Illinois Corporation, based in London. He was also appointed to the board of CIIIC, which is responsible for all of Continental's international investment management activities. **Mr Geoffrey Osmint** and **Mr Silvio Rey** have become senior vice-presidents with CIIIC. Mr Osmint will be responsible for institutional investment services and Mr Rey will have responsibility for individual investment services.

*

Mr Robert Hollond, a director of J. Henry Schroder Wagg and Co., has been appointed to the board of DRG as a non-executive director.

*

The NATIONAL RADIOLOGICAL PROTECTION BOARD has appointed **Mr H. J. Dunster**, to be its next director. He is at present deputy director-general of the Health and Safety Executive and director of nuclear safety. He takes up his new appointment on July 27 1982. He will continue in a personal capacity to act as a special adviser to HSE on nuclear safety.

*

Mr J. D. Alun-Jones, managing director of Ferranti has been appointed a director of ROYAL INSURANCE COMPANY.

LONDON TRADED OPTIONS

Sept. 18. Total Contracts 1651. Calls 726. Puts 925

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	300	6	26	19	—	28	3	282p
BP (c)	320	2½	8	12	1	—	—	"
BP (c)	330	—	—	—	—	19	6	"
BP (p)	300	22	3	28	—	40	—	"
BP (p)	320	40	25	40	—	—	—	"
CU (c)	150	2	—	7	3	10	—	152p
CU (c)	200	1	7	4	—	6	—	"
Cons. Gld (c)	460	53	9	65	6	83	—	508p
Cons. Gld (c)	500	20	89	43	1	65	—	"
Cons. Gld (c)	550	5	48	20	2	40	—	"
Court'lds (c)	70	1	5	3	18	5½	—	57p
GEC (c)	600	124	1	—	—	—	—	711p
GEC (c)	650	77	1	105	1	—	—	"
GEC (c)	700	37	6	65	—	90	—	"
GEC (c)	750	12	1	39	3	60	3	"
GEC	800	1	18	17	3	35	—	"
GEC	850	¾	—	10	—	18	31	"
Gr'd Met. (c)	180	6	14	15	102	21	—	173p
Gr'd Met. (c)	200	2	13	8	—	13	—	"
Gr'd Met. (p)	180	13	—	16	164	19	—	"
Gr'd Met. (p)	200	29	—	30	7	31	30	"
Gr'd Met. (p)	220	49	25	50	—	51	—	"
ICI (c)	260	15	2	27	1	37	—	262p
ICI (c)	280	5½	38	18	2	25	—	"
ICI (c)	300	1½	—	11	10	15	—	"
ICI (c)	330	1	—	3	8	—	—	"
ICI (p)	260	8	139	15	—	19	—	"
ICI (p)	280	20	6	22	—	28	—	"
Land Sec. (c)	330	—	—	—	—	15	4	298p
Land Sec. (c)	356	2	10	5	—	—	—	"
Mks & Sp (c)	110	18	6	—	—	—	—	124p
Mks & Sp (c)	130	4	23	10	6	13	—	"
Mks & Sp (c)	140	1½	—	5½	—	10½	3	"
Shell (c)	420	2	12	6	3	12	11	364p
Shell (p)	330	2	5	12	—	—	—	"
Shell (p)	360	16	15	25	—	30	—	"
Shell (p)	420	72	10	74	—	76	10	"
		November		February		May		
Imperial (c)	60	3	—	6½	—	7½	4	59p
Imperial (c)	70	¾	—	2	16	3½	3	"
Imperial (c)	80	½	—	¾	5	—	—	"
Lasmo (c)	460	30	7	54	—	67	—	452p
Lasmo (c)	500	15	6	37	5	50	—	"
Lasmo (c)	550	8	2	34	—	34	—	"
Lasmo (c)	650	2	3	4	5	—	—	"
Lonrho (c)	80	4	5	9½	4	11½	3	81p
Lonrho (c)	90	1½	15	4½	—	6	12	"
Lonrho (p)	90	9½	130	12	25	14	120	"
Racal (c)	420	22	7	42	1	53	—	413p
Racal (c)	460	10	2	25	2	35	2	"
Racal (p)	330	1	—	3	10	—	—	"
Racal (p)	360	3	—	7	30	—	—	"
Racal (p)	390	5	9	15	10	—	—	"
Racal (p)	420	18	74	30	1	33	—	"
Racal (p)	460	48	18	52	30	55	—	"
Racal (p)	500	88	—	90	30	95	—	"
RTZ (c)	460	60	—	90	1	—	—	499p
RTZ (c)	500	25	30	62	—	—	—	"
RTZ (c)	550	15	2	40	5	60	1	"
RTZ (c)	600	7	4	27	3	42	—	"
RTZ (c)	650	4	—	12	2	—	—	"

C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or —	Div. or amount	Times covered	Gross yield	P.E. ratio
153	F.P.	21/8	172	143	✣Aerospace Eng.	143	.....	bd7.5	1.4	7.5	15.8
§52	F.P.	24/9	99	75	✣Fleet St. Letter. 5p.	99	—5	u2.5	1.9	3.6	20.8
—	F.P.	14/8	8	6	✣Hartons 5p.	8	.....	—	—	—	—
25	F.P.	18/9	28	26	JapanAssetsTrust 10p	26	—½	—	—	—	—
62	F.P.	2/10	56½	55	Jeavans Eng.	55	.....	b3.75	1.7	9.7	7.2
¶100	F.P.	30/10	102	101	MarineAdv.SailTst. £1	101	.....	—	—	—	—
§130	F.P.	1/10	136	132	✣Markheath 54.5%Pfd	133	.....	13.65	1.6	14.7	—
‡	F.P.	20/8	125	105	✣Newcourt Oil	105	.....	—	—	—	—
—	F.P.	—	180	170	Nippon Electric	170	.....	Q825%	2.9	0.9	57.5
—	F.P.	18/9	14	10	Stewart Ent. Warrs.	13	.....	—	—	—	—
§2	F.P.	28/8	120	112	St'ckhold'rsF.E.Inv $1	112	.....	—	—	—	—
86	F.P.	7/9	86	75	✣Thorpac	83	—2	b1.82	3.7	3.1	10.9
100	F.P.	15/7	104	88	Utd.Comp.&Tech. 50p	97	.....	—	—	—	—
§15	F.P.	25/9	17½	13	✣WillaireSystems 10p	13	.....	—	—	—	—
**	F.P.	11/9	16	9	Do. Rest. Div. 10p	9xr	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or —
**	F.P.	—	127	120	Amal.Dist. Products 10 Cv. Ln. '97	122	.....
100	£40	20/10	38⅞	38¼	Birmingham Drop-Lock '86/95	38⅞	+⅛
100‖	F.P.	7/8	112¼	95½	Chloride 7½% Conv. Prf.	95½	—1
*	F.P.	24/9	100½	99⅞	East Surrey Water 10% Prf. 1986	101	.....
100‖	F.P.	28/8	115	104	Hanson Trust 9½% Cv. Uns. Ln. 2000-6	109	—1
98½	£25	12/11	25⅝	23	Inco 15¾% Uns. Ln. 2006	23	.....
100	F.P.	12/8	124½	108	Jones (Edward) 15% Cnv. Uns. Ln. '96-98	108	—2
¶97	£10	3/9	110	93	Mid-Kent Water 9% Red. Prf. 1987	93xd	.....
‡	F.P.	17/7	104¼	94	Mount Charlotte 9½% Cnv. Ln. 1995-2000	94	—2
§100	F.P.	—	100⅛	99⅞	Nat'wide Bdg Society 14½% Bds(25/8/82)	99⅞	.....
100	£10	—	11	10¼	Portsmouth 10% Prf. 1986	11	.....
100‖	F.P.	23/7	179	98	Prop. Hldg. & Inv. Tst. 8½% Cnv. Ln.	98	—1
**	F.P.	21/9	93p	79p	Sterling Credit 5.5% Cnv. Red. Pref.	79p	—2
97.33	£30	—	29¼	29	Utd. Mexican States 16½% Ln. 2008	29¼	.....
100½p	F.P.	11/8	100½p	65p	"W" Ribbons 10% Cum. Red. Prf. '95-96	65p	—5
*100	F.P.	24/9	101½	100½	York Waterworks 10% Red. Pref. '85	101½	.....

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or —
60	Nil	24/9	15/10	24pm	15pm	Amal. Dist. Products	17pm	+1
10	Nil	9/10	11/11	3½pm	2pm	Astra Ind.	2pm	.....
225	Nil	2/10	6/11	44pm	30pm	BICC	30pm	—1
275	125p	13/7	2/12	182	130	BP	138	.....
11	F.P.	28/8	30/9	13	10½	Gartons	11	.....
62	F.P.	11/8	7/10	74½	66	H.A.T. Group	68	.....
12½	F.P.	9/10	18/9	30½	23½	Jantar	24	.....
151	F.P.	28/8	6/9	178	148	Ladbroke	148	.....
110	F.P.	7/9	19/10	135½	116	Laird Grp.	127	—1
35	F.P.	21/8	2/10	60	41	Lane (Percy)	53	—2
107	Nil	30/9	8/1	14pm	2pm	Morgan Crucible	2pm	.....
160‖	F.P.	9/7	12/8	203	185	New Court Nat.Res. Units	197	+2
A51	P.P.	—	—	196	126	Pancontinental	136	.....
85	F.P.	18/9	19/11	159	143	Property Sec. Inv. Tst.	145	—1
15pm	Nil	25/9	6/11	15pm	8pm	Trusthouse Forte	8pm	—1
360p	F.P.	9/9	9/10	550	485	Utd. Scientific	485	—5

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✣ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Comprising 5 Ordinary and 3 Warrants.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 21	Oct 2	Dec 17	Dec 28
Oct 5	Oct 16	Dec 31	Jan 11
Oct 19	Oct 30	Jan 14	Jan 25

For rate indications see end of Share Information Service

Calls were taken out in Dowty, Town and City Properties, Premier Oil, John Finlan, Double Eagle, Lasmo, ERC, Energy Capital, Clyde Petroleum, Dunlop and Pennine Commercial. Puts were done in KCA International and GKN, while doubles were arranged in FNFC, Sun Life, ICI and House of Fraser.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bass	213	— 5	Hanson Trust	275	—13
Brit. Aerospace	193	—11	ICI	285	— 8
Cons. Gold Fields	508	—22	Land Securities	295	—13
GEC	722	—14	Lucas Inds.	218	— 8
GKN	162	—16	RTZ	495	—20
Hambro Life	376	—34	W. Mining	310	—14

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Thursday's closing price pence	Day's change	Stock	No. of price changes	Thursday's closing price pence	Day's change
GKN	16	178	+11	Barratt Dev.	9	237	— 8
RTZ	14	515	+ 3	BET Dfd.	9	134	— 5
GEC	13	736	+ 1	Marks Spencer	9	125	—
BP	12	292	+ 4	Midland Bank	9	330	— 2
Howden (A)	11	143	+ 2	Racal Elect.	8	430	— 3
ICI	11	274	+ 6	Sun Alliance	8	825	—10
BICC "New"	10	31pm	— 2	UDS	8	76	+ 5

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of price changes	Thursday's closing price pence	Change on week	Stock	No. of price changes	Thursday's closing price pence	Change on week
GEC	78	736	—16	Plessey	57	327	—12
RTZ	67	515	—17	BP	56	292xd	— 8
Racal Elect.	65	430	—16	Channel Tunnel	55	180	+13
GKN	64	178	+ 1	Thorn EMI	53	445	— 5
ICI	63	274	— 2	BAT Inds.	52	373	— 9
LASMO	61	475xd	—31	BSR	51	78	+11
Brit. Aerospace	57	204	—21	KCA Intl.	52	135	+16

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051-548 6555)	13½	½-year	1,000	1-3

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %
Abbey National	8.25	8.50	9.75	10.50 5 yrs., 10.00, 4 yrs., 9.50 3 yrs.
Aid to Thrift	9.20	9.45	—	—
Alliance	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs., 9.00 2 yrs., 9.50 3 months' notice
Anglia	8.25	8.50	9.75	10.50 5 yrs., 9.50 1 mth. notice int. loss
Bradford and Bingley	8.25	8.50	9.75	9.50 1 month's notice deposit
Bridgwater	8.25	8.50	10.00	10.50 5 yrs., 9.60 2½ yrs.
Bristol Economic	8.25	8.50	9.75	9.25 3 mths.' not. & 9.50 on balances of £10,000 and over. Escalator shares 9.00-10.50 (1-5 yrs.)
Britannia	8.25	8.50	9.75	10.00 5 yrs., 9.50 3 months' notice
Burnley	8.25	8.50	9.75	10.50 5 yrs., 9.50 3 months' notice
Cardiff	8.25	9.50	10.50	—
Catholic	8.25	8.75	9.75	— 8.95 over £5,000
Chelsea	8.25	8.50	9.75	10.50 5 yrs., 9.90 1 yr., 9.50 3 months
Cheltenham and Gloucester	8.25	8.50	9.75	—
Citizens Regency	—	8.75	10.00	10.75 5 yrs., 9.75 3 yrs., 9.25 1 yr.
City of London (The)	8.50	8.75	9.60	10.00 Capital City shs.—4 mths. notice
Coventry Economic	8.25	8.50	9.75	10.00 4 yrs., 9.75 3 yrs., 9.50 3 months
Coventry Provident	8.25	8.50	10.50	10.55 av. 5 yr., 10.00 4 yr., 9.25 3 mths.
Derbyshire	8.25	8.50	9.75	9.00 to 9.50 3 months
Ealing and Acton	8.25	9.00	—	9.65 2 years, £2,000 minimum
Gateway	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Gateway	—	9.50	—	— Plus a/c £500 min. Int. ½-yearly
Greenwich	—	8.75	10.00	10.75 5 yrs., 10.00 3 months' notice
Guardian	8.25	8.75	—	10.00 3 mth., 10.50 6 mth., min. £1,000
Halifax	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Heart of England	8.25	8.50	9.75	— 3 mths.' notice 9.50, 5 yrs. 10.50
Hearts of Oak and Enfield	8.25	8.75	10.25	10.00 4 yrs., 9.75 3 yrs., 9.50 2 yrs.
Hendon	8.75	9.25	—	10.25 6 months, 10.00 3 months
Huddersfield and Bradford	8.25	8.50	9.25	10.00 5 yrs., 10.00 4 yrs., 9.50 3 yrs., 9.00 2 yrs.
Lambeth	8.25	8.75	10.50	10.75 5 yrs., 10.50 6 mths.
Leamington Spa	8.35	8.60	11.50	10.10 (1 year)
Leeds Permanent	8.25	8.50	9.75	9.25 E. I. a/c £500 min., 9.50 £5,000+
Leicester	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Liverpool	8.25	8.50	9.80	10.50 5 yrs., 9.55 1 month int. penalty
London Grosvenor	8.25	9.00	11.00	9.50 6 months' notice
Mornington	9.10	9.60	—	—
National Counties	8.50	8.50	9.80	9.50 35 days' notice, min. dep. £500, 6 mth. 9.90, 11.00 at 9 mths. not.
Nationwide	8.25	8.50	9.75	10.50 5 yrs., £500 min. 90 days' not. bonus a/c 9.25 £2,500 min., 9.50 £10,000+28 days' not.
Newcastle	8.25	8.50	9.75	10.50 4 yrs., 9.50 on dem. or 2 mth not.
New Cross	9.00	9.25	—	9.25 10.00 on share accs., depending on min. balance over 6 mths.
Northern Rock	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Norwich	8.25	8.50	10.00	9.50 3 yrs., 9.25 2 yrs., min £500
Paddington	8.00	9.00	10.50	10.00 Loss 1 month int. on sums wdn.
Peckham Mutual	8.50	9.50	—	10.00 2 y, 10.50 3 y, 11.00 4 y, 9.75 Bns
Portman	8.25	8.50	9.75	10.50 5 yrs., 9.55 6 months' notice
Portsmouth	8.60	8.80	10.30	10.85 (5 yrs.), 10.25 (6 months)
Property Owners	8.50	9.00	10.50	10.50 5 yrs., 10.50 6 mths., 9.80 3 mths.
Provincial	8.25	8.50	9.75	10.00 3 yrs.
Skipton	8.25	8.50	9.75	10.50 5 yr., 9.6-9.75 28 dys. int. on wdl.
Sussex County	8.50	8.75	10.55	11.00-9.50 (6-2 yrs.), 9.25 2 mths. not.
Sussex Mutual	8.50	9.10	10.50	9.25-10.50 all with special options
Town and Country	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Walthamstow	8.25	8.75	9.75	9.75 6 months' notice, min. £1,000
Wessex	8.50	9.60	—	—
Woolwich	8.25	8.50	9.75	10.50 3 months' notice account 9.50

* Rates normally variable in line with changes in ordinary share rates.
All these rates are after basic rate tax liability has been settled on behalf of the investor.

MONEY MARKETS

London clearing banks base lending rates 14 per cent (since September 16)

The Treasury bill rate rose by 1.2271 percentage points at yesterday's tender to 14.4381 per cent and the minimum accepted bid fell to £96.39 from £96.695. Bids at that level for bills dated Monday to Thursday were met as to about 46 per cent and above in full. There were no applications for 95-day bills, offered to take in the Christmas holiday. The £100m of bills on offer attracted bids of £187.65m and all bills offered were allotted. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

The Bank of England's early forecast indicated that credit conditions would be about flat in the money market yesterday. Factors affecting the market included bills maturing in official hands and a net take up of Treasury bills, together draining —£180m, and a rise in the note circulation —£125m. These were offset by Exchequer transactions +£375m and there was no intervention by the Bank of England during the morning. However, in the afternoon the Bank gave assistance worth £113m comprising £20m eligible bank bills in band 1 (up to 14 days maturity) at 14 7/16-14½ per cent, £26m Treasury bills in band 2 (15-33 days) at 14 per cent, and £67m eligible bank bills in band 2 at 14 7/16-14½ per cent.

In the interbank market weekend money opened at 14-14½ per cent and stayed there for most of the morning before falling away down to one per cent after the Bank's intervention.

EXCHANGES AND BULLION

Trading in currency markets yesterday was dominated by continued rumours of a possible currency realignment within the European Monetary System. The D-mark attracted interest, being judged as the currency most likely to benefit from any reshuffle. Sterling held steady against the dollar but tended to lose ground against European currencies while the dollar was also weaker. Tension in Poland had seen long positions taken on Thursday in New York but these were soon unwound yesterday as New York entered the market to see dollar some four pfennigs lower against the D-mark than Thursday's close in New York. The dollar closed in London at DM 2.2690 after a low of DM 2.25 and Thursday's London close of DM 2.2790. Against the Swiss franc it fell to 1.9475 from SwFr 1.9590 and Y226.25 from Y226.5. The Bank of England's index failed to reflect the dollar's weaker trend, rising to 107.3 from 107.2.

Sterling opened at $1.8230 and climbed steadily as the dollar fell back in very nervous trading. It closed at $1.8340-1.8360, a rise of just 10 points. Its trade weighted index fell however, reflecting its poor performance against European currencies, and closed at 87.0 compared with 87.7 on Thursday, having stood at 87.1 at noon and 87.3 in the morning. Sterling closed at DM 4.1650 against the D-mark from DM 4.1800 and SwFr 3.5725 from SwFr 3.5950.

Gold fell $8½ an ounce to $446½-448½ despite a weaker dollar and reflected the proposed introduction of U.S. silver sales next month.

THE POUND SPOT AND FORWARD

Sept 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8230-1.8440	1.8340-1.8360	0.20-0.30c dis	−1.63	1.00-1.10dis	−2.29
Canada	2.1920-2.2120	2.2010-2.2030	0.75-0.85c dis	−4.36	2.10-2.30dis	−4.00
Nethlnd.	4.58-4.64	4.61½-4.62½	1¼-¾ pm	2.60	2⅞-2⅝ pm	2.27
Belgium	67.80-68.80	68.20-68.30	35-45c dis	−7.03	105-120 dis	−6.59
Denmark	13.08-13.19	13.08½-13.10½	6¾-8ore dis	−6.76	15½-17 dis	−4.96
Ireland	1.1400-1.1530	1.1450-1.1470	0.20-0.30p dis	−2.62	0.70-0.85dis	−2.70
W. Ger.	4.4-4.19	4.16-4.17	1½-½pf pm	2.88	3½-3 pm	3.12
Portugal	116.75-118.25	117.00-117.50	85-290c dis	−19.19	175-550dis	−12.37
Spain	170.75-172.25	171.10-171.40	40-70c dis	−3.85	150-200dis	−4.09
Italy	2,115-2,126	2,124-2,126	31¾-34¾ lire dis	−18.78	78-82 dis	−15.06
Norway	10.69-10.73	10.70½-10.72½	2-1½ore pm	1.61	4¼-3 pm	4.06
France	9.93-10.04	9.99-10.00	7¾-8¾c dis	−9.90	20¼-21¼ dis	−8.30
Sweden	10.04-10.12	10.06½-10.08½	2¼-1½ore pm	2.23	5½-4½ pm	1.98
Japan	412-420	414½-415½	2.80-2.50y pm	7.66	8.10-7.80 pm	7.66
Austria	29.05-29.35	29.15-29.20	10-5gro pm	3.08	20-10 pm	2.06
Switz.	3.55-3.61	3.56¾-3.57¾	1⅝-1⅞c pm	3.78	4-3 pm	3.92

Belgian rate is for convertible francs. Financial franc 73.80-73.90.
Six-month forward dollar 2.15-2.25c dis, 12-month 3.75-3.95c dis.

GOLD

	Sept. 18		Sept. 17	
Gold Bullion (fine ounce)				
Close	$446½-448½	(£242¾-243¾)	$455½-457	(£247¼-248)
Opening	$446-447	(£243¼-244¼)	$454½-455½	(£245¾-246¼)
Morning fixing	$446.75	(£243.460)	$456	(£246.353)
Afternoon fixing	$447	(£243.464)	$459	(£247.573)
Gold Coins				
Krugerrand	$461½-462½	(£251½-252)	$468½-469½	(£254¼-254¾)
1/2 Krugerrand	$237½-238½	(£129½-130)	$241¼-242¼	(£130¾-131½)
1/4 Krugerrand	$121-122	(£66-66½)	$123-124	(£66¾-67¼)
1/10 Krugerrand	$49½-50½	(£27-27½)	$50¼-51¼	(£27¼-27¾)
Mapleleaf	$461½-462½	(£251½-252)	$468½-469½	(£254¼-254¾)
New Sovereigns	$110-111	(£60-60½)	$112½-113	(£60¾-61¼)
King Sovereigns	$124½-126	(£67¾-68½)	$125½-127	(£68-69)
Victoria Sovs.	$124½-126	(£67¾-68½)	$125½-127	(£68-69)
French 20s	$130-134	(£70¾-73)	$132-136	(£71½-73¾)
50 pesos Mexico	$557-560	(£303½-305)	$563-567	(£305½-307½)
100 Cor. Austria	$434-437	(£236½-238)	$441-444	(£239¼-240¾)
$20 Eagles	$586-591	(£319½-322)	$590-593	(£320-321¾)

EXCHANGE CROSS RATES

Sept. 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.835	4.165	415.0	9.995	3.573	4.620	2125.	2.202	68.25
U.S. Dollar	0.545	1.	2.270	226.2	5.447	1.947	2.518	1158.	1.200	37.19
Deutschemark	0.240	0.441	1.	99.64	2.400	0.858	1.109	510.2	0.529	16.39
Japanese Yen 1,000	2.410	4.422	10.04	1000.	24.08	8.608	11.13	5120.	5.306	164.5
French Franc 10	1.001	1.836	4.167	415.2	10.	3.574	4.622	2126.	2.206	68.28
Swiss Franc	0.280	0.514	1.166	116.2	2.798	1.	1.293	594.8	0.613	19.10
Dutch Guilder	0.216	0.397	0.902	89.83	2.163	0.773	1.	460.0	0.477	14.77
Italian Lira 1,000	0.471	0.864	1.960	195.3	4.704	1.681	2.174	1000.	1.036	32.12
Canadian Dollar	0.454	0.833	1.891	188.5	4.539	1.622	2.098	965.0	1.	30.99
Belgian Franc 100	1.466	2.689	6.103	608.1	14.64	5.234	6.769	3114.	3.226	100

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Sept. 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅝-14⅝	15⅝-16⅞	18-19	11 15/16-12 1/16	8-8½	11⅝-11¾	18-20	50-70	18½-22½	6½-7
7 days' notice	14⅝-14⅞	16⅞-16⅛	18-19	12⅛-12¼	7¼-8¼	11 11/16-11 13/16	22-24	38-52	18½-22½	7-7¼
Month	15-15¼	16½-16¾	19⅝-19¾	12 1/16-12 3/16	10½-10⅝	11⅞-12	24½-26	33¼-36¾	24½-27	7⅛-7⅜
Three months	15 1/16-15 3/16	17⅜-17⅝	19½-19⅞	12⅜-12½	10¼-10⅜	11 11/16-11 13/16	23-24½	30-32¼	21½-22¾	7¼-7½
Six months	15⅛-15⅜	17½-17¾	19⅜-19¾	12⅝-12¾	10⅞-11	11⅞-12	23-24	28½-30	20-21	7⅜-7⅝
One Year	14¾-14⅞	17-17¼	18⅞-19¼	12 5/16-12 7/16	10⅛-10¼	11½-11⅝	22-22¾	26¾-28¼	18-19	7⅛-7⅜

SDR linked deposits: one-month 14 15/16-15 3/16 per cent; three-months 15 9/16-15 11/16 per cent; six-months 15 7/16-15 11/16 per cent; one-year 15-15⅛ per cent.
ECU linked deposits: one-month 16 3/16-16 7/16 per cent; three-months 16⅛-16⅜ per cent; six-months 16⅛-16⅜ per cent; one-year 15⅞-16⅛ per cent.
Asian $ (closing rates in Singapore): one-month 16⅝-16¾ per cent; three-months 17⅜-17½ per cent; six-months 17 9/16-17 11/16 per cent; one-year 17 1/16-17 3/16 per cent.
Long-term Eurodollar two years 17⅛-17⅜ per cent; three years 17-17⅛ per cent; four years 17-17¼ per cent; five years 16⅞-17⅛ per cent; nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one month 16.40-16.50 per cent; three-months 17.00-17.10 per cent; six-months 17.15-17.25 per cent; one year 16.85-16.95 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 18)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 3/8	offer 17 1/2	bid 17 5/8	offer 17 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Sept. 18 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◊	Eligible Bank Bills ◊	Fine Trade Bills ◊
Overnight	—	1-14¼	—	—	—	12½-14½	9-14	—	—	—
2 days notice	—	—	14-14½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14¼-14½	14⅝	—	14½	14⅛	13¾-13⅞	—	—	—
One month	14 7/16-14 9/16	14⅝-14⅞	14½	15⅜-15⅛	14¾	14⅝	13¾	14¼	14 7/16-14⅜	15
Two months	14 7/16-14 9/16	14¾-15	—	15¼-14⅞	14⅞	—	13¾	14¼-14⅜	14⅜-14 5/16	15
Three months	15 1/16-14 15/16	14 15/16-15⅛	14⅞	15¼-14⅞	15	14⅞	13¾	14⅜-14 5/16	14 5/16	15
Six months	15-14⅞	14⅞-15⅛	14⅞	14⅝-14⅛	15	—	—	—	14 5/16	14⅝
Nine months	14 15/16-14 13/16	14 15/16-15	—	15-14⅝	15	—	—	—	—	—
One year	14 15/16-14 13/16	14¾-15	14⅞	14⅞-14⅝	15	—	—	—	—	—
Two years	—	—	15	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 15 per cent; four years 15 per cent; five years 15½ per cent. ◊Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 14 5/16-14⅛ per cent; four-month trade bills 14 9/16 per cent.

Approximate selling rate for one-month Treasury bills 14⅜ per cent; two-months 14⅜ per cent; three months 14¼-14 3/16 per cent. Approximate selling rate for one-month bank bills 14 5/16-14⅜ per cent; two-months 14¼ per cent and three-months 14 5/16 per cent; one-month trade bills 14⅝ per cent; two-months 14⅝ per cent and three-months 14⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association). 14½ per cent from September 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11-11½ per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rate of discount 14.4381 per cent.

CURRENCY MOVEMENTS

Sept. 18	Bank of England Index	Morgan Guaranty Changes%
Sterling	87.0	−35.6
U.S. dollar	107.3	+1.6
Canadian dollar	87.4	−17.2
Austrian schilling	116.2	+24.0
Belgian franc	107.6	+10.8
Danish kroner	89.6	−7.6
Deutsche mark	120.8	+42.3
Swiss franc	141.4	+88.4
Guilder	111.9	+17.1
French franc	84.7	−10.5
Lira	58.0	−55.9
Yen	140.1	+35.0

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

Sept. 18	£	$		£ Note Rates
Argentina Peso	10,252-10,272†	5598-5618†	Austria	29.10-29.50
Australia Dollar	1.5840-1.5880	0.8645-0.8650	Belgium	73.40-74.20
Brazil Cruzeiro	193.93-194.93	105.99-106.52	Denmark	13.03-13.18
Finland Markka	8.112-8.145	4.4220-4.4250	France	9.97-10.17
Greek Drachma	101.448-104.555	55.80-56.90	Germany	4.14-4.20
Hong Kong Dollar	10.97½-10.99½	5.9800-5.9850	Italy	2100-2160
Iran Rial	147.50*	79.70*	Japan	415-420
Kuwait Dinar (KD)	0.513-0.519	0.2825-0.2828	Netherlands	4.59-4.65
Luxembourg Fr.	68.20-68.30	37.19-37.21	Norway	10.66-10.88
Malaysia Dollar	4.2975-4.3075	2.3425-2.3475	Portugal	115½-133
New Zealand Dlr.	2.1965-2.2015	1.1975-1.1985	Spain	167¼-179
Saudi Arab. Riyal	6.22-6.28	3.4190-3.4210	Sweden	10.03-10.13
Singapore Dollar	3.9076-3.9175	2.1300-2.1350	Switzerland	3.54-3.60
Sth. African Rand	1.7210-1.7230	0.9380-0.9390	United States	1.83¾-1.85¾
U.A.E. Dirham	6.69-6.75	3.6690-3.6710	Yugoslavia	74-78

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 13,577-13,597 and for the dollar 7,400-7,450. *Sterling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	40.5647	−0.57	+0.90	±1.5361
Danish Krone	7.91917	7.81225	−1.35	+0.12	±1.6413
German D-Mark	2.54502	2.47488	−2.76	−1.29	±1.1386
French Franc	5.99526	5.93983	−0.92	+0.55	±1.3638
Dutch Guilder	2.81318	2.74440	−2.44	−0.97	±1.5159
Irish Punt	0.685145	0.679545	−0.82	+0.65	±1.6688
Italian Lira	1262.92	1261.77	−0.09	+0.41	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times. Sterling/ECU rate for September 18 — 0.585527.

U.K. CONVERTIBLE STOCKS 19/9/81

Statistics provided by dataSTREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates♣	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Div.♡	Cheap(+) Dear(−)◊ Current
British Land 12pc Cv. 2002	9.60	263.50	333.3	80-97	4.3	1.8	−1.1	−4 to 2	16.3	90.0	25.7	+26.8
Hanson Trust 6½pc Cv. 88-93	3.02	152.00	57.1	76-82	4.3		−8.3	−9 to −1	4.2	0.0	−2.5	+5.7
Slough Estates 10pc Cv. 87-90	5.31	241.50	187.5	78-84	4.2		−3.2	−8 to −2	18.7	21.7	1.2	+4.4
Slough Estates 8pc Cv. 91-94	24.88	113.50	78.0	80-91	7.2	6.4	9.4	6 to 12	27.3	46.4	18.4	+9.0

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness. ♣ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

(By permission of the Stock Exchange Council)

LONDON STOCK EXCHANGE

Equity slide gathers pace and 30-share index closes 16.0 down for loss on week of 38 points at 515.4

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Aug 28	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets were looking completely demoralised yesterday at the end of a week which has seen the FT 30-share index plunge 38 points. This represents a fall of 7 per cent which compares with a 9 per cent drop exactly five years ago when sterling was facing a previous crisis.

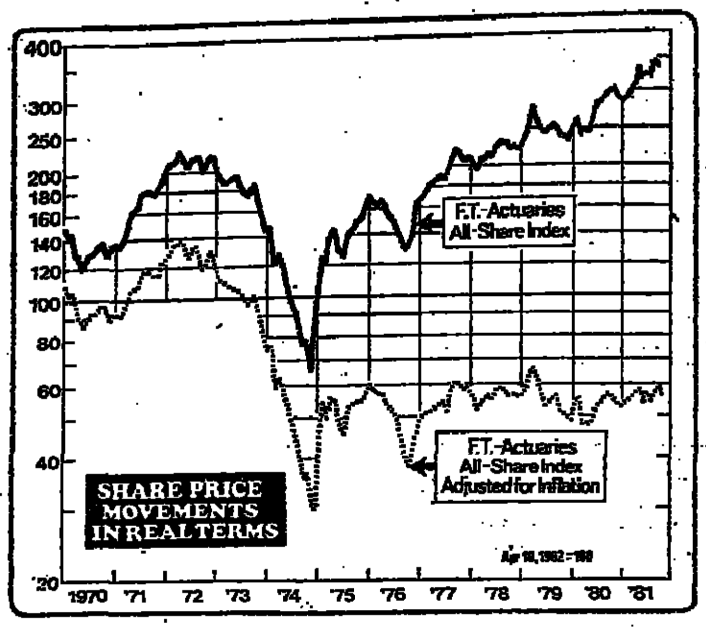
Anxieties that clearing bank base rates—raised on Wednesday to 14 per cent—would have to rise still further following renewed pressures on short-term money market levels were one reason for despondency, but there were others. These included continued speculation of a pending EMS re-alignment with a revaluation of the D-mark together with Wall Street concern over the plight of the U.S. economy.

Equity dealers adopted defensive tactics from the outset yesterday, but a sharp mark down in leading values failed to deter selling and many traders were forced to add to their already adequate book positions. The ensuing uncertainty created circumstances in which rumours of possible financial difficulties thrived. Institutional interest was again virtually non-existent and the absence of bear-covering, which was expected to follow such a sharp fall, exerted fresh downward pressure on equities.

Many industrial leaders closed with double-figure falls and the FT Industrial Ordinary share index, down 16 points at 515.4, closed showing its heaviest one-day loss since November 8 1976.

The only investment area to resist the dejection was the market in British Funds where quotations are already standing at 4½-year lows; the FT Government Securities index eased marginally to 62.32. The tone was slightly easier at one stage yesterday but short and longer-dated issues later returned to overnight list levels. The absence of any new Government funding at the official, 3.30 pm, close made no impact on sentiment after-hours.

For the first time since their introduction in late May, the number of puts arranged exceeded those in calls. Total dealings arranged amounted to 1,651—726 calls and 925 puts. The week's daily average amounted to 1,241. Business in calls was dominated by Consolidated Gold Fields and Grand Metropolitan with 155 and 129 deals respectively. Grand Metropolitan were also well represented among puts with 226 deals completed, 164 in the January 180's. Lonrho and Racal were also active and attracted 275 and 212 puts apiece.



Insurances on offer

The fresh decline in sterling prompted further selling in Insurances. Hambro Life came on offer and dropped 34 to 376p, while Pearl lost 10 to 408p and Legal and General 8 to 239p. Composites shared in the general dullness, Commercial Union losing 4 to 152p, Royals 8 to 370p, and Sun Alliance 15 to 910p.

The major clearing banks held up relatively well to the accompaniment of talk that base rates might need to rise further. Barclays, 446p, and Lloyds, 396p, both closed 6 cheaper, while Midland, 326p, and NatWest, 388p, shed 4 apiece.

Marked down along with the rest of the market in early trading, Breweries attracted a useful two-way trade and rallied from the lower levels. Whitbread, down to 158p earlier, ended only a penny lower on balance at 160p. Wines and Spirits also recovered a shade in late trading; Distillers closed 6 lower at 190p, after 188p, while Arthur Bell closed 4 cheaper at 122p, after 120p, while Irish Distillers, on the other hand, finished a couple of pence to the good at 52p reflecting currency influences.

The Building sector suffered another shake-out. Among the leaders, Blue Circle shed 4 to 486p for a fall on the week of 28, while Tarmac gave up 2 more to 394p; the latter's interim results are due on Monday. BPB Industries, 264p, and Ready Mixed Concrete, 193p, lost 3 apiece, while Rugby Portland Cement cheapened 1½ to 80p. Tunnel "B," speculatively supported earlier in the week, shed 15 to 455p in the absence of bid developments, while Breedon and Cloud Hill Lime Works declined 5 to 122p despite the increased interim profits. Barratt Developments, annual results next Tuesday, cheapened 4 to 249p; the price in yesterday's issue was incorrect.

ICI were marked defensively lower in an attempt to deter sellers and the close was 8 down at 266p, a low for the year. Fisons, interim results on Monday, shed 7 for a two-day fall of 13 to 135p. Among other Chemicals, Rentokil dropped 7 to 150p, while Arrow, with the return to profitability and the Board's confident statement making no apparent impact, closed a penny cheaper at 43p.

Stores joined in the general malaise and closed with substantial losses, although business again left much to be desired. Gussies "A" shed 10 more to 418p, down 37 on the week, while Marks and Spencer, 124p, and British Home, 134p, gave up 4 apiece. A more detailed appraisal of the interim results clipped 4 from UDS, 71p, while Debenhams eased 3 to 73p. Support was also lacking for Harris Queensway, 8 lower at 124p, after 122p, and for Currys, 182p, down 7; the latter's interim results are due towards the end of the month. Owen Owen, mid-term results due next Thursday, gave up 5 more to 235p, while profit-taking clipped 5 from Grant Bros., 180p.

Electricals above worst

The sharp shake-out in defence shares continued and the Electrical leaders were again prominent in the retreat. Most quotations finished above the worst, but final losses were still substantial. GEC ended 14 cheaper at 722p for a fall of 36 on the week, while Racal closed 12 off at 418p and Plessey 7 down at 330p. Elsewhere, Ferranti dipped 15 to 510p and Kode 18 to 240p, while Unitech, unsettled by the chairman's forecast of lower interim profits at the annual meeting, gave up 16 to 216p.

Leading Engineerings came under early selling pressure. GKN, down 16 at 162p, more than lost the previous day's gain of 11 which followed the interim results. Hawker fell 12 to 310p while Vickers, recently depressed by vague rights issue talk, eased 6 more to 147p. Elsewhere, Babcock International lost 5 to 98p, while Davy Corporation gave up 8 to 166p and Mining Supplies showed renewed dullness at 118p, down 4. Pegler-Hattersley eased 6 to 156p and Yarrow fell 10 to 260p in a limited market. Dealings were suspended in Wombwell Foundry at 9½p; the company announced yesterday that it is ceasing to trade.

Virtually all the major Food concerns closed with sizable falls. Associated British gave up 6 to 137p and Northern 5 to 145p, while Unigate shed 3 to a 1981 low of 92p. Among Supermarkets, J. Sainsbury declined 8 to 445p and Kwik Save 6 to 212p

Grand Metropolitan, down to 171p at one stage, rallied to close 4 cheaper on balance at 175p. Elsewhere in Hotels and Caterers, Rowton Hotels, up 10 on Thursday on bid hopes, added a penny more to 138p; Gresham House has built up a 16 per cent stake in the company. M. F. North, another takeover favourite, added 2 to 40p for a gain on the week of 16.

Brit. Aero. lower

With sentiment in industrial leaders deteriorating as the day progressed, early losses resulting from some fairly heavy selling at the opening were extended further and quotations showed few signs of a recovery at the close. Unilever weakened 21 to 597p and Beecham 11 to 199p, while BOC fell 9 to 147p and Boots closed similarly cheaper at 217p. Defence stocks remained particularly vulnerable to fresh selling with British Aerospace falling 11 more to 193p making a loss of 33 since this week's announcement of the interim figures. Aeronautical and General reacted 20 to 275p and Vinten were on offer at 332p, down 10. Fresh selling left Hanson Trust 13 lower at 275p, while BTR fell away to close 18 lower at 320p. Other notable losses included Extel, 247p, J. Bibby, 282p, and R. Kelvin Watson, 70p, all down around 8. Foseco Minsep eased 2 more to 198p, making a fall of 28 since Thursday's announcement of a £24m rights issue, while Steetley, still reflecting the interim figures, eased 3 more to 178p.

Sterling's weakness brought pressure to bear on travel concerns, Saga Holidays falling 20 to a 1981 low of 348p and Horizon Travel 8 to 238p.

Among Motor Components, Dowty, 237p, and Lucas, 218p, fell 7 and 6 respectively, while Flight Refuelling shed 5 more at 343p. AE remained on offer at 41½p, down 3. Armstrong Equipment, annual results next Wednesday, lost the turn to 38p. Distributors trended quietly easier. F. G. Gates eased a penny to 51p following the lower first-half profits, while Lex Service declined 5 more to 108p. In contrast, Hesketh Motorcycles, at 40p, recovered half of Thursday's fall of 10 which followed the announcement of increased funding to finance engineering alterations in the company's debut product.

The rise in interest rates continued to weigh heavily on Properties and two bouts of selling, early and late in the session, left most quotations at the day's lowest. Land Securities finished 13 down at 295p and MEPC 7 off at 209p, while Great Portland Estates shed 8 to 182p and Haslemere Estates 6 to 396p. Samuel declined 4 to a 1981 low of 105p and Stock Conversion lost 10 to 333p. Town and City shed 1½ to 23p. Elsewhere, Rosehaugh, 298p, and Allnatt (London), 218p, shed 10 apiece, while Westminster and Country eased a couple of pence to 76p despite the increased annual profits and property revaluation. G.R.A. Property Trust became an isolated firm spot, adding ½ to 14½p.

Oils drift lower

Reflecting the overnight setback on Wall Street, Oil shares opened lower and drifted off further in another slow day's trading. Among the leaders, BP settled with a fall of 8 at 284p and Shell finished similarly lower at 364p. Ultramar lost 18 at 446p, while Lasmo also stood out at 450p, down 25.

In contrast to the rest of the equity market, Plantations were selectively firmer reflecting renewed takeover speculation. Barlow, interim results now expected in early October, firmed 9 to 110p, while Majedie closed 7 better at 100p, and Boustead rose 6 to 134p.

Golds down again

Mining markets staged a broad retreat in the face of weak metal prices. Gold and silver fell sharply with the latter unsettled by the proposed weekly sales by the U.S. strategic stockpile of 1.25m ounces of the metal. Gold fell to around $446.75 at the morning fixing prior to closing at $447.5—a net loss of $8.75.

In addition to the American silver sales, both precious and base-metal prices were unsettled by the increases in UK interest rates.

Gold shares came under heavy pressure from the outset. Quotations were marked down sharply, reflecting overnight American selling, and continued to decline until the after-hours' trade when bear closing took prices a shade off the day's lowest.

The Gold Mines index dropped 10.3 more to 388.4—a loss of 31.9 over the week.

The heavyweights were particularly vulnerable with Western Holdings 1¾ off at £31¼, Vaal Reefs 1½ down at £37½ and St. Helena 1⅛ cheaper at £20⅞.

Financials sustained heavy losses, notably the London-based issues which mirrored the sharp falls in UK equities. Rio Tinto-Zinc dropped 20 to 495p—35 lower over the week—while Gold Fields relinquished 22 to 508p and Charter 12 to 238p. Tanks, however, continued to attract speculative support on bid rumours and edged up 2 to 335p.

Australians reflected further losses in overnight domestic markets. The cheaper-priced speculatives were aggressively sold with many stocks falling to 1981 lows. Among the latter, York Resources dipped 6 to 31p, ACM 2 to 27p, Haoma a like amount to 36p and Canada North-west 1½ to 12½p.

In Australians, Western Mining gave up 14 to 310p; the company plans to abandon the Acacia well in the Canning Basin of Western Australia because of technical problems and move the drilling rig to another Canning Basin location.

Poseidon were quoted at 230p "ex" the one-for-four at A$2 rights issue; the new were changing hands at 102p premium.

FINANCIAL TIMES STOCK INDICES

	Sept. 18	Sept. 17	Sept. 16	Sept. 15	Sept. 14	Sept. 11	A year ago
Government Secs	62.32	62.33	62.67	62.52	63.34	64.26	70.79
Fixed Interest	64.29	64.39	64.71	64.72	65.72	65.88	72.09
Industrial Ord	515.4	531.4	525.5	534.3	541.9	557.4	494.4
Gold Mines	388.4	399.7	403.9	418.0	429.0	421.3	504.8
Ord. Div. Yield	5.84	5.68	5.73	5.64	5.57	5.47	7.40
Earnings, Yld. %(full)	10.14	9.84	9.93	9.77	9.66	9.47	15.87
P/E Ratio (net) (*)	12.60	12.99	12.87	13.08	13.23	13.49	7.27
Total bargains	16,936	16,433	16,497	17,569	17,741	17,221	19,646
Equity turnover £m.	—	118.60	112.39	133.55	153.07	148.61	116.27
Equity bargains	—	12,136	12,139	14,001	14,896	15,260	14,680

10 am 521.2, 11 am 520.5. Noon 518.6. 1 pm 517.6. 2 pm 517.1. 3 pm 515.3.

Latest Index 01-246 8026

* Nil=11.24.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	62.32 (18/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	64.29 (18/9)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 17	Sept. 16
—Daily		
Gilt Edged Bargains	164.6	172.5
Equities Bargains	78.5	78.6
Value	259.7	227.1
5-day Avrge.		
Gilt Edged Bargains	158.7	160.1
Equities Bargains	88.6	89.8
Value	267.5	275.0

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (7)

BANKS (2)
Algemene — Deutsche Bank
BUILDINGS (1)
Lafarge-Coppee
CHEMICALS (2)
Bayer AG — Hoechst
HOTELS (1)
North (M. F.)
TEXTILES (1)
Caird (Dundee)

NEW LOWS (131)

CORPORATION LOANS (1)
LOANS (4)
FOREIGN BONDS (3)
AMERICANS (4)
CANADIANS (1)
BANKS (2)
BEERS (1)
BUILDINGS (2)
DRAPERY & STORES (13)
ELECTRICALS (4)
ENGINEERING (8)
FOODS (2)
HOTELS (1)
INDUSTRIALS (18)
LEISURE (3)
PROPERTY (17)
SHIPPING (1)
TRUSTS (16)
OIL & GAS (18)
MINES (12)

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	9	5	78	69	266	125
Corpns. Dom. & Foreign Bonds	8	16	46	30	109	211
Industrials	82	545	743	794	2,331	3,925
Financial and Props.	23	292	187	214	1,079	1,217
Oils	6	54	43	82	218	214
Plantations	5	1	17	24	20	71
Mines	13	97	58	141	331	368
Others	44	63	92	178	407	412
Totals	190	1,073	1,284	1,532	4,761	6,343

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri., Sept. 18, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thurs. Sept. 17 Index No.	Wed. Sept. 16 Index No.	Tues. Sept. 15 Index No.	Mon. Sept. 14 Index No.	Year ago (approx.) Index No.	1981 High	1981 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (214)	341.29	−2.1	10.55	4.63	11.69	348.62	350.16	353.68	360.13	291.81	380.30 (28/8)	272.28 (15/1)	380.30 (28/8/81)	50.71 (13/12/74)
2	Building Materials (25)	302.07	−1.6	15.13	5.66	7.55	306.93	308.26	311.95	320.14	259.77	334.34 (1/5)	236.82 (13/1)	334.34 (1/5/81)	44.27 (11/12/74)
3	Contracting, Construction (28)	561.61	−0.9	16.90	5.08	6.88	566.96	569.02	571.00	583.19	434.48	610.27 (30/4)	403.39 (8/1)	610.27 (30/4/81)	71.48 (2/12/74)
4	Electricals (30)	1122.82	−1.8	8.04	2.52	15.53	1143.28	1146.31	1160.04	1169.90	894.43	1266.15 (28/8)	888.13 (15/1)	1266.15 (28/8/81)	84.71 (25/6/62)
5	Engineering Contractors (10)	479.43	−1.9	13.33	5.69	8.83	488.65	488.26	488.44	502.68	353.68	512.20 (30/4)	374.44 (20/1)	512.20 (30/4/81)	64.39 (2/1/75)
6	Mechanical Engineering (69)	192.07	−2.8	12.34	5.90	10.46	197.58	198.87	202.07	206.11	182.59	230.26 (24/4)	162.47 (15/1)	230.26 (24/4/81)	45.43 (6/1/75)
8	Metals and Metal Forming (13)	159.29	−4.1	9.05	7.44	14.97	166.08	164.89	167.15	170.01	165.10	182.17 (1/5)	127.24 (14/1)	192.29 (4/5/79)	49.65 (6/1/75)
9	Motors (21)	100.23	−2.5	1.70	6.91	—	102.81	102.11	102.64	105.93	99.85	112.76 (1/5)	84.67 (23/1)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (18)	355.86	−2.6	9.36	6.36	13.02	365.26	371.92	371.45	383.18	0.00	405.13 (14/8)	277.55 (15/1)	405.13 (14/8/81)	277.55 (15/1/81)
21	CONSUMER GROUP (195)	266.46	−2.5	12.88	6.04	9.60	273.43	273.69	275.83	282.21	245.56	296.18 (17/8)	227.50 (14/1)	296.18 (17/8/81)	61.41 (13/12/74)
22	Brewers and Distillers (20)	279.77	−2.0	15.97	6.90	7.53	285.56	284.37	288.93	293.01	295.45	325.16 (16/6)	244.42 (13/1)	325.16 (16/6/81)	69.47 (13/12/74)
25	Food Manufacturing (21)	255.45	−2.5	15.41	6.58	7.83	262.09	264.15	263.51	270.78	223.96	277.87 (3/9)	204.17 (14/1)	277.87 (3/9/81)	59.67 (11/12/74)
26	Food Retailing (14)	529.40	−2.0	9.29	3.35	12.85	539.99	540.76	545.04	560.15	399.48	572.90 (3/9)	440.89 (11/3)	572.90 (3/9/81)	54.25 (11/12/74)
27	Health and Household Products (7)	322.95	−3.3	8.58	4.58	13.93	333.99	331.21	336.25	342.62	243.21	363.73 (3/9)	245.38 (14/1)	363.73 (3/9/81)	175.38 (28/5/80)
29	Leisure (22)	422.49	−1.5	9.43	5.21	13.18	428.93	430.25	433.94	443.08	350.86	476.41 (14/8)	327.38 (16/1)	476.41 (14/8/81)	54.83 (9/1/75)
32	Newspapers, Publishing (12)	480.03	−0.2	12.50	6.18	11.59	480.95	478.10	480.99	492.22	448.56	526.15 (11/5)	419.04 (15/1)	526.15 (11/5/81)	55.08 (6/1/75)
33	Packaging and Paper (13)	133.73	−3.1	15.00	7.95	7.98	137.96	138.87	139.99	145.01	129.52	161.79 (1/5)	108.85 (14/1)	161.79 (1/5/81)	43.46 (6/1/75)
34	Stores (44)	244.30	−3.1	11.85	5.45	11.25	251.99	252.16	253.64	260.48	242.93	294.06 (30/4)	238.15 (15/1)	294.06 (30/4/81)	52.63 (6/1/75)
35	Textiles (23)	152.41	−2.0	8.06	6.10	17.50	155.52	155.83	156.62	161.12	120.35	172.84 (30/4)	122.37 (19/1)	236.72 (17/1/67)	62.66 (11/12/74)
36	Tobaccos (3)	248.69	−3.4	20.43	10.04	5.73	257.31	258.42	261.47	265.34	231.95	271.22 (28/8)	193.57 (19/1)	339.16 (2/8/72)	94.34 (13/6/62)
39	Other Consumer (16)	272.33	−1.7	4.47	6.21	57.27	277.06	278.79	276.13	280.74	0.00	311.40 (1/5)	231.28 (4/2)	311.40 (1/5/81)	231.28 (4/2/81)
41	OTHER GROUPS (79)	218.62	−2.5	11.47	6.52	11.15	224.13	224.15	225.95	230.25	227.43	249.19 (30/4)	203.40 (13/3)	249.19 (30/4/81)	58.63 (6/1/75)
42	Chemicals (15)	277.34	−3.4	6.02	6.55	27.29	286.97	283.35	288.32	290.48	313.29	320.04 (30/4)	235.35 (13/3)	329.77 (4/5/79)	71.20 (1/12/74)
44	Office Equipment (5)	104.66	−1.6	15.82	8.17	7.65	106.33	107.58	108.32	113.35	103.76	129.79 (22/4)	93.19 (14/1)	246.06 (1/9/72)	45.34 (2/1/75)
45	Shipping and Transport (13)	490.69	−1.6	21.59	7.46	5.51	498.43	499.37	499.77	509.09	580.50	644.76 (24/4)	490.69 (18/9)	644.76 (24/4/81)	90.80 (29/6/62)
46	Miscellaneous (46)	289.21	−1.9	13.19	5.82	9.17	294.93	298.24	298.31	306.08	283.53	314.68 (3/9)	249.71 (19/1)	314.68 (3/9/81)	60.39 (6/1/75)
49	INDUSTRIAL GROUP (488)	285.20	−2.4	11.81	5.56	10.50	292.11	292.75	295.30	301.42	260.55	315.22 (17/8)	241.24 (15/1)	315.22 (17/8/81)	59.01 (13/12/74)
51	Oils (12)	674.32	−2.5	21.50	8.54	5.27	691.79	684.50	689.67	701.35	812.17	923.71 (2/1)	653.58 (9/7)	1065.24 (19/11/80)	87.23 (29/5/62)
59	500 SHARE INDEX	316.75	−2.4	13.43	6.06	9.01	324.51	324.53	327.29	333.88	304.31	353.39 (17/8)	290.43 (14/1)	353.39 (17/8/81)	63.49 (13/12/74)
61	FINANCIAL GROUP (119)	256.39	−2.0	—	5.91	—	261.67	262.47	263.21	267.43	254.90	279.45 (1/9)	227.09 (19/1)	279.45 (1/9/81)	55.88 (13/12/74)
62	Banks (6)	270.46	−1.2	32.90	6.94	3.58	273.88	274.43	272.77	272.97	252.60	287.38 (17/7)	220.84 (11/3)	288.32 (20/7/72)	62.44 (12/12/74)
63	Discount Houses (10)	253.08	−0.2	—	8.96	—	253.47	255.81	251.33	261.72	301.45	314.03 (20/3)	251.33 (15/9)	314.03 (20/3/81)	81.40 (10/12/74)
64	Hire Purchase (3)	224.15	—	13.66	8.25	10.13	224.15	229.15	229.15	239.08	227.62	274.53 (25/3)	194.82 (8/1)	433.74 (4/5/72)	38.83 (11/12/74)
65	Insurance (Life) (10)	270.39	−3.9	—	5.87	—	281.25	282.27	281.83	285.05	267.20	298.44 (1/9)	222.74 (7/1)	298.44 (1/9/81)	44.88 (2/1/75)
66	Insurance (Composite) (9)	166.49	−2.1	—	8.04	—	170.14	171.81	172.81	175.56	182.08	188.09 (1/9)	142.06 (19/1)	188.09 (1/9/81)	43.96 (13/12/74)
67	Insurance Brokers (8)	423.32	−1.0	10.69	5.60	12.70	427.42	428.05	431.50	440.79	358.68	443.91 (11/9)	294.21 (20/1)	443.91 (11/9/81)	65.86 (16/12/74)
68	Merchant Banks (13)	156.86	−0.5	—	5.16	—	156.84	158.26	160.07	163.78	148.23	179.36 (2/7)	143.07 (20/1)	278.57 (1/5/72)	31.21 (7/1/75)
69	Property (50)	448.17	−2.7	4.30	3.17	31.46	460.49	458.78	463.42	476.39	468.96	517.77 (2/4)	435.73 (16/1)	517.77 (2/4/81)	56.01 (20/4/65)
70	Miscellaneous (10)	174.96	−0.5	18.31	6.38	6.65	175.86	176.85	176.30	179.62	153.49	186.99 (13/8)	165.30 (19/1)	303.18 (13/5/72)	33.29 (17/12/74)
71	Investment Trusts (109)	298.97	−1.8	—	5.34	—	304.55	308.83	310.72	316.06	282.92	332.90 (17/8)	271.01 (23/1)	332.90 (17/8/81)	71.63 (13/12/74)
81	Mining Finance (3)	251.31	−4.1	15.06	5.66	7.87	262.02	260.67	261.34	264.28	265.64	296.26 (14/8)	200.76 (6/2)	296.26 (14/8/81)	66.31 (30/9/74)
91	Overseas Traders (19)	424.31	−0.3	10.98	7.01	11.61	425.58	425.40	426.24	435.39	454.22	488.51 (18/5)	416.40 (4/9)	488.51 (18/5/81)	97.37 (6/1/75)
99	ALL-SHARE INDEX (750)	305.31	−2.3	—	5.99	—	312.47	312.87	315.07	321.04	296.50	338.64 (17/8)	278.20 (14/1)	338.64 (17/8/81)	61.92 (13/12/74)

FIXED INTEREST

	PRICE INDICES	Fri. Sept. 18	Day's change %	Thurs. Sept. 17	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.01	+0.09	105.92	—	7.82
2	5-15 years	100.60	+0.01	100.78	0.19	8.91
3	Over 15 years	108.95	+0.03	108.91	—	10.34
4	Irredeemables	109.66	−0.03	109.70	—	9.05
5	All Stocks	102.19	+0.04	102.22	0.07	8.95
6	Debentures & Loans	78.62	−0.42	78.96	—	7.67
7	Preference	62.29	−0.02	62.30	—	5.39

	AVERAGE GROSS REDEMPTION YIELDS		Fri. Sept. 18	Thurs. Sept. 17	Year ago (approx.)	1981 Highs	1981 Lows
	British Government						
1	Low Coupons	5 years	13.12	13.09	11.60	13.12 (18/9)	11.20 (20/3)
2		15 years	13.75	13.74	11.60	13.75 (18/9)	11.86 (20/3)
3		25 years	14.01	14.00	11.60	14.01 (18/9)	11.88 (6/1)
4	Medium Coupons	5 years	15.42	15.41	12.96	15.42 (16/9)	12.91 (20/3)
5		15 years	15.87	15.86	13.14	15.87 (18/9)	13.32 (20/3)
6		25 years	15.40	15.39	12.95	15.40 (18/9)	13.03 (20/3)
7	High Coupons	5 years	15.38	15.36	13.12	15.38 (18/9)	12.93 (20/3)
8		15 years	16.05	16.02	13.43	16.05 (18/9)	13.54 (20/3)
9		25 years	15.62	15.61	13.15	15.62 (18/9)	13.15 (20/3)
10	Irredeemables†		13.63	13.61	11.15	13.63 (18/9)	11.35 (20/3)
11	Debs & Loans	5 years	16.49	16.30	13.92	16.49 (18/9)	13.80 (27/3)
12		15 years	16.68	16.61	13.77	16.68 (18/9)	14.16 (27/3)
13		25 years	16.72	16.66	13.62	16.72 (18/9)	14.25 (27/3)
14	Preference†		15.89	15.89	14.45	16.39 (10/8)	14.29 (27/3)

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Miscellaneous Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	128.20	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 26½p.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* 9.29 9.69 — 3.61
Clive Gilt Fd. (C.I.) 7.83 8.17 — 16.16
*Prices on September 16. Next dealing September 24.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 255.5 278.0 — —

Cortexa International

Guinness Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey. 0481 23506.
Intl. Fund 19.94 20.49 — 12.20
Prices at August 27. Next dealing September 24.

Management International Ltd.
Bk. of Bermuda Bldg., Bermuda. 809-295-4000
Bda. Intl. Bd. Fd. Cap. US$11.81 — —
Bda. Intl. Bd. Fd. Inc. US$10.32 — 12.00

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Sterling Money Fd. 11.2984 11.2985 — —
Next subscription day September 23.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	60.9	65.5	−0.5	2.21
Abbey Capital	48.9	52.4	−0.4	4.16
Abbey Equity	57.8	62.0	−0.8	4.71
Abbey Gilt & F.I. Tst.	94.9	98.9	−0.1	13.11
Abbey Income	57.2	[illegible]	−0.2	8.72
Abbey W'w.Bd.Tst.	102.7	108.3	+1.9	6.17
Abbey Inv. Ts. Fd.	53.4	57.7	−0.8	4.36
Equitas Prog. Tst.	85.7	90.5	−1.2	4.52

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	82.0	86.3	....	13.75

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	89.7	96.0	−0.8	5.45
Brit. Inds. Fund	76.9	82.3	−0.7	5.25
Growth & Income	52.4	56.1	−0.7	4.98
Elect. & Ind. Dev.	46.9	50.2	−0.4	4.70
Allied Capital	99.8	106.8	−1.3	4.12
Hambro Fund	135.4	144.9	−1.5	5.53
Hambro Acc. Fund	191.5	204.9	−2.4	4.00
Income Funds				
High Yield Fd.	65.7	70.3	−0.5	8.53
High Income	80.1	85.8	−0.8	7.37
Equity Income Fd.	46.8	50.1	−0.4	7.37
Govt. Secs.	25.2	25.8	....	13.03
International Funds				
International	37.8	40.4	+0.2	2.10
Japan Fund	30.7	32.9	+0.4	0.40
Pacific Fund	76.5	81.9	+0.8	1.37
Secs. Of America	84.4	90.3	−0.2	2.66
Specialist Funds				
Smaller Co.'s Fd.	58.4	62.5	−0.3	3.76
2nd Smlr. Co's Fd.	72.1	77.1	−0.5	3.86
Recovery	28.1	30.1	−0.4	4.68
Met. Min. & C'dty.	67.7	72.4	....	5.07
Overseas Earnings	77.6	83.0	−0.9	4.94

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD 01-248 4984

High Income	35.1	37.8	−0.3	12.16
North American	61.5	66.4	−0.7	2.54
Canadian Exempt*	73.7	79.0	....	7.91
Canadian Trust	56.5	60.3	+0.1	3.70
Mid Mount High Inc.*	44.3	48.9	....	10.77
Recovery	55.7	60.5	....	7.13
Gilt Trust	38.4	40.2	+0.2	14.42

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	41.8	45.1	−0.2	0.52
Cres. Internat'l	91.7	98.8	+0.2	0.55
Cres. High Dist.	62.6	67.5	−0.3	9.07
Cres. Reserves	51.2	55.2	−0.5	5.44
Cres. Tokyo	41.0	44.3	+0.7	0.20

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.3	24.8	....	6.97

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU 01-638 4485

Disc. Inc. Sept. 11	257.3	275.0	....	4.75

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.9	20.9	....	8.30
Gt. Winchester O'seas	30.5	34.2	....	3.40

For Emson and Dudley see Robert Fraser Tst. Mgrs.

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	90.6	95.3	−1.1	4.66

Fidelity International Management Ltd.
62-63 Queen St., London EC4 1AD 01-248 4891

American	37.3	40.3	−0.5	0.37
Amer. Spec. Sits.	29.1	31.3	−0.1	0.02
Gilt & Fixed Int.	23.9	25.0	+0.1	13.66
Growth & Income	33.9	36.5	−0.4	7.02
Max. Inc. Eq. Fd.	29.2	31.4	−0.3	9.91
Special Sits.	40.3	43.4	−0.5	1.22

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow 041-204 1321

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99	99⅛	Treas. Variable '81‡‡	99¼	+⅛	13.75	14.07
100	99¾	Exch. 12¾pc 1981‡‡	99	.....	12.81	14.40
98	95	Treas. 8¼pc '80-82‡‡	98⅛	.....	8.66	14.33
96	91	Treasury 3pc '82‡‡	96⅛	.....	3.12	13.86
107	99¼	Treasury 14pc '82‡‡	100⅛	.....	13.98	13.82
99	98	Treas. Variable '82‡‡	99	.....	13.77	14.19
96	93	Treasury 8¼pc '82	95½	.....	8.63	14.37
96	93	Exch. 9¼pc 1982	95¼xd	.....	9.71	14.52
95¼	92⅜	Exch. 8¾pc 1983	94½	.....	9.25	13.43
92¼	84⅞	Exch. 3pc 1983	90¼	.....	3.30	10.14
99⅜	95⅞	Treasury 12pc 1983‡‡	96⅞	.....	12.38	14.44
99½	96⅛	Treas. Variable '83 ‡‡	99⅛	.....	13.88	14.07
94⅛	91¼	Treasury 9¾pc '83	92⅜	.....	10.61	14.08
101	97½	Exch. 13½pc '83	97½	.....	13.84	14.79
94⅛	91¼	Exch. 10pc 1983	91⅛	.....	10.94	14.62
88	84½	Funding 5½pc '82-84‡‡	86½	.....	6.35	12.33
96¾	92⅝	Exch. 11¼pc 1984	92⅝	.....	12.14	14.95
105	97¾	Exchequer 14pc 1984	97¾	.....	14.32	15.00
82⅞	76½	Exch. 3pc 1984	80⅜	.....	3.73	11.55
98⅞	92¼	Treasury 12pc 1984	93xd	.....	12.90	14.99
107¾	100⅛	Treasury 15pc 1985	100⅛	.....	14.94	14.81
98¾	91⅝	Exch. 12pc Cnv. '85	91⅝xd	.....	13.09	15.19
76	73¼	Treasury 3pc 1985	74	.....	4.05	11.96
96	88⅞	Treasury 11½pc 1985	88⅞	.....	12.93	15.42
98⅞	91	Exch. 12¼pc 1985	91	.....	13.46	15.19
97⅛	89¼	Exch. 11¾pc '86	89¼	.....	13.16	15.14
70	68	Treasury 3pc 1986	68¾	.....	4.36	11.93
97	89¼	Treasury 12pc '86	89¼	.....	13.44	15.24
88⅝	81¼	Treasury 8¼pc '84-86‡‡	81⅞	.....	10.45	13.93

Five to Fifteen Years

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103⅝	96¼	Exch. 13¼pc 1987	96¼	.....	14.09	14.86
81¼	75	Funding 6½pc '85-87‡‡	76⅛	.....	8.85	13.33
99½	89¾	Treas. 12pc 1987	91½	.....	13.82	15.35
81⅛	74⅜	Treasury 7¾pc '85-88‡‡	75⅛	.....	10.99	14.08
[illegible]						

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97½	92¼	Aust. 5½pc '81-82	95½		5.75	13.99
87⅞	83½	Do. 6pc 1981-83	86½	.....	7.03	14.25
67¼	59	N.Z. 7¼pc 1988-92	59¼	.....	12.45	15.24
81¼	74	Do. 7½pc '83-86	75½	.....	10.19	15.53
141	115	S. Rhod. 2½pc Non-Ass.	139	.....	—	—
61	43	Do. 3½pc 80-85 Assd.	60	.....	6.30	18.20
43	26	Do. 4½pc 87-92 Assd.	39	.....	11.65	17.60
395	353	Zimbabwe Ann (£100pa)	340xd	.....	—	22.34

LOANS

Public Board and Ind.

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
64	58	Agric. Mt. 5pc '59-89	60	.....	8.49	13.73
29½	24¼	Met. Wtr. 3pc 'B'	25xd	.....	12.05	14.23
114	98	U.S.M.C. 9pc 1982	98	.....	9.47	—
97¼	91	Do. without Warnts	95	+½	9.72	19.05

Financial

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101½	96½	FFI 14pc '83	96½	−¼	14.50	15.84
93½	88½	FFI(UK Fa)5½pcDb. '80-2	92½xd	−½	5.95	13.97
83½	77	Do 6¼pcDb. '81-84	80½	.....	7.98	15.12
93	84½	Do 10¼pc Uns.Ln. '86	86	−1	12.53	15.80
92	80	Do. 11pc Uns.Ln. '88	83	.....	13.63	13.63
92	80	Do. 11¾pc Uns.Ln. '90	82½	−½	14.69	16.20
94½	81	Do. 12½pc Un. Ln. 1992	81xd	−1	15.43	16.35
64½	55½	Do. 7¼pcADeb. '89-92	56	−½	13.41	16.27
62	52½	Do. 7¼pcADeb. '91-94	52½xd	−½	13.81	16.08
72½	61	Do. 9pc 'A' '91-94	61xd	−1	14.75	16.35
70	58½	Do. 8¾pcLn. '92-97	58½	.....	15.39	16.25

Building Societies

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100¼	99⅝	N'wide 14¾pcBd11.8.82	99⅝	−¼	—	14.61

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
95	58	Antofagasta Rly.	80	.....	—	—
55	53½	Do. 5pc Pref.	54xd	.....	—	—
98	98	Chilean Mixed	98	.....	3	13.07
28	14	Chinese 4½pc 1898	16	.....	—	—
22	12	Do. 5pc 1912	12	.....	—	—
18	9	Do. 5pc 1913	10	.....	—	—
[illegible]						

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
108	39	Hoskins & H 20p	108	—	2.0	—	2.6	—
76	48	Howard Tenens	62	+2	1.55	0.6	3.6	68.8
420	250	Hunting Assoc.	300	—	5.0	5.8	2.4	7.6
160	112	Huntleigh 10p	120xd	−2	†1.5	4.2	6.9	14.5
226	120	Hutch Whamp SHK1	163	+3	t034c	♦	2.9	♦
15	11½	Hyman (I. & J.) 5p	12½	—	0.83	3.9	9.5	3.0
£20½	£12⅞	I.C. Industries$1	£17⅞	−½	Q52.20	—	7.0	—
70	26	ICL	29	−1	†2.97	—	‡	—
44	35	Ingall Inds. 10p	40	—	t2.5	1.6	8.9	11.1
251	188	Initial Services	235	—	9.0	2.3	5.5	10.8
23	9	Inter-City 20p	16½	—	—	—	—	—
85	39	J. B. Holdings 10p	80	−1	3.0	4.9	5.4	5.2
192	110	Jacksons Bourne	178	—	5.0	1.4	4.0	26.3
27	12	Jam (M.J.) Int. 20p	23½	−½	1.0	9.5	6.1	5.5
248	147	Jardine M. SHK5	164	+2	Q88c	2.8	5.0	10.1
25½	16½	Jentique	18	−½	†1.85	—	‡	—
10	6½	Johnson & Barnes	7♦	—	—	—	—	—
257	152	Johnson Clrs.	233	—	†7.0	3.4	4.3	7.6
*300	186	Johnson Mthy. £1	270	−10	9.5	2.3	5.0	(8.0)
92	75	Jourdan (T.) 10p	63	—	5.25	1.8	9.4	8.3
61	47	Kalamazoo 10p	47	−2	‡3.75	1.4	‡	7.7
178	136	Kelsey Inds.	139	—	8.0	4.7	8.2	3.7
148	112	Kennedy Sm. 10p	144	—	4.38	3.2	4.3	10.2
338	250	Kershaw (A.) 5p	256xd	+5	21.75	0.6	12.2	(24.2)
75	54	Kleen-E-Ze Hldgs.	60	—	5.5	0.7	13.1	(17.9)
75	59	L.C.P. Hlds.	67	—	4.3	1.0	9.2	(14.6)
48½	37	L.R.C. Int. 10p	46½	—	2.5	3.6	7.7	18.3
56	42	Lawtex	42	—	‡4.0	1.0	‡	(13.1)
178	116	Lead Indz. 50p	156	−1	8.46	1.2	8.5	13.6

INSURANCE—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
241	180	Stewart Wr. 20p	223	−2	12.0	1.3	7.7	12.9
£10½	688	Sun Alliance £1	910	−15	†33.0	—	5.2	—
345	233	Sun Life 5p	324	−9	g9.0	—	3.9	—
758	543	Taisho Mar. EDR	671	+13	Q010%	—	0.2	—
228	185	Trade Indemnity	206	—	16.34	—	4.5	—
£27½	£15⅞	Travelers $2.50	£23⅜	+¼	Q$2.88	—	6.8	—
403	257	Willis Faber	375	—	†12.0	2.2	4.6	13.9

LEISURE

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
63½	56½	A-R TV Pref. £1	57	—	5.95	♦	14.9	—
93	72	Anglia TV 'A'	83	−1	†5.0	4.6	8.1	3.1
148	88	Assoc. Leisure 5p	88	−4	5.25	2.2	8.5	6.3
84½	61	Barr & W.A.T. 'A'	65	−1	3.0	—	6.6	—
65	30	Black Edgtn. 50p	52	—	1.0	—	2.7	—
192	121	Boosey & Hawkes	141	−2	5.67	—	5.7	—
56	34	Campari Int. 20p	42	—	‡4.0	1.7	‡	(5.4)
60	37	Fairline Boats 10p	37	—	†3.5	1.2	‡	9.2
58	29	Cooper Fpning 10p	35½	—	—	—	—	—
46	38	Grampian TV A 10p	38	—	2.75	2.4	10.3	5.7
103	74	HTV Non/Vtg.	89	—	10.0	2.2	16.0	4.3
104	64	Hawley Leisure	66	−2	†12.67	2.9	5.9	(8.4)
*294	117	Horizon	238	−8	15.0	5.1	3.0	13.1
96	69	♦Intasun 10p	88	—	g2.8	4.5	4.5	5.9
64	29	††Intervision 10p	34	−3	—	—	—	—
27	15	Lancaster (D. M.) 5p	17	−1	0.41	2.2	3.5	12.4
110	88	LWT "A"	103	−3	10.07	1.8	14.0	(4.9)
216	128	Magnt. Ag. M. 10p	128	−7	8.75	2.8	9.8	4.2
72	47	Medminster 10p	72	—	†2.7	3.9	5.4	6.5

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	42	—	Q2.5c	—	3.7
41	16	ACM 20c	27	−2	—	—	—
21	11½	Argosy Gold NL 25c	12	—	—	—	—
229	137	Bond Corp.	162	−2	Q10c	♦	3.9
112	76	Bougainville I Kina	99	−2	Q25 [illegible]	1.0	‡
302	214	CRA 50c	225	−5	Q19c	2.7	5.1
25	12½	Canada Northwest	12½	−1½	—	—	—
35	15	Carr Boyd 20c	15	−2	—	—	—
415	46	Central Pacific	52	−2	—	—	—
35	12	Cns. Gold Min NL 50c	12	—	—	—	—
47	17	Cultus Pacific N.L.	17	−1	—	—	—

Tins

Copper

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25½	14	Burma Mines 10p	17	—	—	—	—
330	165	Colby Res. Corp.	165	−25	—	—	—
310	200	Cons. Murch. 10c	310	—	t030c	1.8	5.5
9½	6	††Explaura Gold	9½	—	—	—	—
98	53	††Hemerdon 10c	53	—	—	—	—
180	80	Highwood Res.	95	+5	—	—	—
505	300	Northgate C$1	340	−15	—	—	—
633	372	R.T.Z.	495	−20	15.0	3.2	4.7
£130½	£93½	Do. 9½%Cv.Ln.'95-2000	£113	−½	Q9½%	—	8.1
105	13	††SPO Minerals 10p	15	—	—	—	—
47	20	Sabina Inds. C$1	20	—	—	—	—
44	28	††SWCM 10p	29	−1	—	—	—
585	465	Tara Exptn. $1	542	+7	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ♦ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	43	......	Conv. 9% '80/82	£92½	......
Bertrams	9	......	Nat. 9¾% 84/89	£69¾	......
Bdg'wtr. Est. 50p	435	......	Fin. 13% 97/02	£73¾	......
Craig & Rose £1	£13	......	Alliance Gas	63	......
Finlay Pkg. 5p	21	−1	Arnott	225	......
Graig Ship. £1	£21	......	Carroll (P.J.)	79½	......
Higsons Brew.	65	......	Concrete Prods.	98	......
Holt (Jos) 25p	540	......	Helton (Hldgs.)	27	......
I.O.M. Stm. £1	167	......	Irish Ropes	94	......
Pearce (C. H.)	850	......	Jacob	66	......
Peel Hldgs.	181	......	T.M.G.	16	......
Sheff. Refrshmt.	90	......	Unidare	76	......
Sindall (Wm.)	194	......			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	18
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6	**Property**	
Barclays Bank	36	Ladbroke	33	Brit. Land	8
Beecham	18	Legal & Gen.	22	Cap. Counties	11
Blue Circle	35	Lex Service	10	Land Secs.	37
Boots	20	Lloyds Bank	22	MEPC	20
Bowaters	24	"Lofs"	9½	Peachey	15
Brit. Aerospace	17	London Brick	7	Samuel Props.	13
B.A.T.	25	Lucas Inds.	16	Town & City	3¾
Brown (J.)	9	"Mams"	20		
Burton Ord.	14	Mrks. & Spncr	11	**Oils**	
Cadburys	7½	Midland Bank	26	Brit. Petroleum	33
Courtaulds	7	N.E.I.	6	Burmah Oil	16
Debenhams	10	Nat. West. Bank	32	Charterhall	8
Distillers	17	P & O Dfd.	12	KCA	22
Dunlop	8½	Plessey	28	Premier	7½
Eagle Star	25	Racal Elect.	34	Shell	32
F.N.F.C.	5	R.H.M.	5	Tricentrol	30
Gen. Accident	30	Rank Org. Ord.	13	Ultramar	44
Gen. Electric	60	Reed Intnl.	25		
Glaxo	28	Sears	5		
Grand Met.	18	Tesco	5½	**Mines**	
G.U.S. 'A'	44	Thorn EMI	30	Charter Cons.	21
Guardian	30	Trust Houses	15	Cons. Gold	45
G.K.N.	15	Tube Invest.	18	Lonrho	9
Hawker Sidd.	25	Turner & Newall	10	Rio T. Zinc	45
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 22

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Saturday September 19 1981

MAN IN THE NEWS

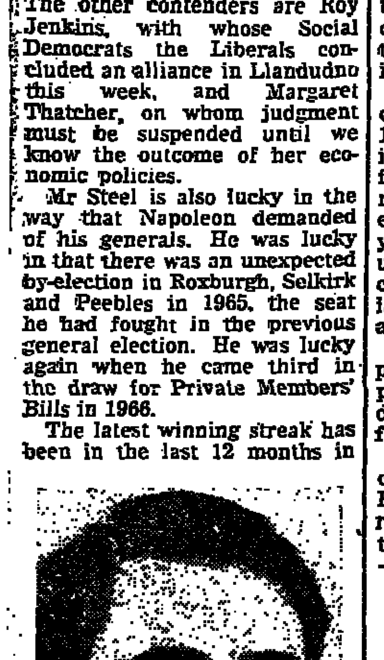
A liberal marriage broker

BY MALCOLM RUTHERFORD

DAVID STEEL is arguably the most consistently successful figure in British politics today. The other contenders are Roy Jenkins, with whose Social Democrats the Liberals concluded an alliance in Llandudno this week, and Margaret Thatcher, on whom judgment must be suspended until we know the outcome of her economic policies.

Mr Steel is also lucky in the way that Napoleon demanded of his generals. He was lucky in that there was an unexpected by-election in Roxburgh, Selkirk and Peebles in 1965, the seat he had fought in the previous general election. He was lucky again when he came third in the draw for Private Members' Bills in 1966.

The latest winning streak has been in the last 12 months in



A Future Prime Minister?
David Steel

which the Social Democrats have broken away from the Labour Party and formed the new alliance, thus bringing about the possibility of that realignment of British politics

Mr Steel is a natural social democrat. His official biography† published this week contains this revealing quote about his entry into politics: "I knew I wasn't Tory and I knew I wasn't Labour, and rather negatively joined the Liberals." At that time, there was no Social Democratic Party.

It is possible to trace certain consistent threads in his career. When he won the by-election at the age of 26, the wife of the defeated Labour candidate was asked whether she was not at least pleased that the Tory had been kept out. "Not at all," she said, "it confuses the class war." It has been the decline of politics based on class that has contributed to the rise of Mr Steel and the emergence of the SDP.

His connections with the SDP leaders also go back a long way. When he won his right to present his Private Members' Bill, he had no idea what subject to choose. It came down to abortion or homosexual law reform. He went to see the Home Secretary, Roy Jenkins, for advice. The Home Office preferred the latter. Mr Steel, who knew nothing about either, chose abortion, and made his name. But contact with Mr Jenkins had been established.

It was renewed during the Common Market referendum in 1975 when Mr Steel also worked with William Rodgers, again now of the SDP. It was Mr Rodgers who made the first ministerial contact with him which led to the Lib-Lab pact in 1977.

All his political life Mr Steel can claim to have been working for a realignment of forces, based on liberal ideas with a small "l" but depending for its viability on coalition with other groups.

It was piquant that the alliance with the SDP should have been sealed in Llandudno, for it was there in 1976 that he addressed his first Liberal Assembly as Party Leader. The bulk of Liberals were then dead set against coalition with anyone, but his own message went out loud and clear. "We are in being as a political party to form a government so as to introduce the policies for which we stand . . . I do not expect to lead just a nice debating society."

Mr Steel is not an especially interesting person to talk to — nothing like a Healey or a Prior. You admire his honesty, his ability to make (often borrowed) jokes, his absolute lack of pretentiousness. But what it comes down to is his single-minded pursuit of power in order to implement the liberal/social democrat ideals in which he believes.

His biography ends with the words: "Steel for Prime Minister? It's not impossible." I agree.

† *David Steel by Peter Bartram. W. H. Allen £7.95.*

Retail Price Index rises to 11.5% annual rate

BY ANATOLE KALETSKY

THE RETAIL PRICE Index last month made its first significant upward movement since spring last year. It rose by 11.5 per cent in the year to mid-August, the Dept. of Employment announced yesterday. This compares with a 10.9 per cent increase in the year to mid-July.

The increase in the six months to August, however, was 7.0 per cent, the best six-month rate recorded since March. The Tax takes into account taxation changes has risen 14.9 per cent to 155.5 (January 1978 = 100) in the year to August.

August's increases of 0.7 per cent to 299.3 (January 1974 = 100) in the RPI and 1.0 per cent in the index excluding seasonal foods were marginally above most City expectations. However, the jump in the year-on-year comparison overstates the underlying deterioration because price increases in August last year were at the exceptionally low rate of 0.2 per cent.

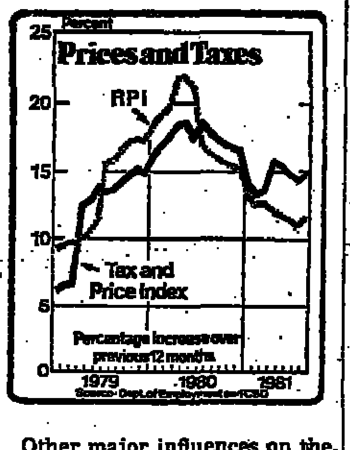
Officials expect that the 11.5 per cent figure will be a temporary peak and that a gentle decline will resume in the next few months.

Although the Treasury forecasts made at the time of the Budget—of a 10 per cent annual rate in the fourth quarter of this year and an 8 per cent rate by the fourth quarter of 1982—are no longer plausible, there are still strong hopes that, by the end of next year, single figures will be reached. Some City forecasters expect single-figure inflation by next summer.

The outlook for inflation now depends crucially on the balance between the trends in pay settlements and in the exchange rate, which are pulling in opposite directions. The RPI figures do not yet fully reflect either the recent sharp fall in sterling or the favourable impact of the reduction in wage inflation.

The full impact of currency depreciation on the inflation rate is not felt for over two years, according to a study published by the Bank of England earlier this week. But the official view is that a moderate round of pay rises for the second year running and the prospects of productivity gains as the economy begins to pick up will more than compensate for this effect and bring inflation down fairly steadily from now on.

About half of August's RPI increase was due to higher tobacco and petrol prices. Tobacco was up 3.7 per cent, partly as a result of extra duty imposed in July and transport costs were up 2.7 per cent, mainly because of 10p to 12p increases on a gallon of petrol.



Other major influences on the August index were clothing and footwear (up by 0.7 per cent), services and durable goods (both 0.6 per cent higher) and food, which fell by 0.8 per cent. The seasonal foods index fell by 7 per cent and some vegetables were as much as 25 per cent cheaper than in July.

Increases which are already in the pipeline for the coming months include beer, still more on cigarettes, gas and rates. Further falls in seasonal foods and some weakening in petrol prices will help to offset those in September. October's index will be reduced by the cut of 25 per cent planned in London Transport fares.

Key Ford plant hit by strike over foreman

By Robin Reeves

FORD'S NEW European engine plant at Bridgend, South Wales, was halted by a strike yesterday, for the first time since it came into production 18 months ago.

Some 600 men walked out over a manning dispute. They claimed a foreman was being employed on the assembly line doing the work of an hourly-paid employee.

A union official said there had been concern over such incidents for some months. The company firmly denied the union allegation, and claimed the foreman was merely instructing a mechanical fitter on how to repair an automation system.

Talks were going on last night to try to resolve the dispute. In the absence of a settlement, the effect of the stoppage is likely to spread rapidly to Ford's plants at Halewood, Merseyside, and Cologne, West Germay, which both receive engines for the new Escort range from the Sales Wales plant.

The engines produced at the £225m factory leave Bridgend at the rate of 2,000 a day. According to Ford, the receiving assembly plants have no more than two days' supply of engines in hand.

BL claim attacked, Page 4
Japan exports row, Page 3

EEC to raise steel prices

BY GILES MERRITT IN BRUSSELS AND ALAN PIKE IN LONDON

LEADING EEC steel producers have agreed on a general wave of price increases.

They decided at a meeting in Paris yesterday to put prizes up by an average of £33—56 European units of account—from January 1.

The unanimous agreement by members of Eurofer, the EEC steelmakers' club, was greeted with relief by European Commission officials in Brussels. It represents another landmark on the difficult journey towards more stable prices in the EEC steel industry.

Anxiety over whether the Commission's efforts to stabilise prices would hold grew last month, when the West German steel industry decided to delay increases scheduled for the first half of next year—is seen by officials as reflecting improved market stability.

In spite of continuing large overcapacity, prices since July have improved by an estimated 5 to 10 per cent.

Steelmakers said after the Eurofer meeting member companies would take all necessary steps to ensure the new sales prices were applied.

In a statement steel producers said they had incurred very large cost increases since the second quarter of last year, which they had not been able to absorb in spite of previous price increases.

hTe rise in the cost of energy and main raw materials since then had been more than 50 per cent.

The continuing tension over efforts to stabilise prices and production in the EEC industry was demonstrated yesterday when Count Otto Lambsdorff, the West German Economics Minister, accused British and Italian steel producers of selling their products in West Germany at prices below those agreed within Eurofer.

He called on the Commission to take a tougher stand, declaring that "strict supervision of quota rules and immediate punishment of any breaches is a crucial precondition for maintaining price discipline in the steel market."

Count Lambsdorff has written to Viscount Etienne Davignon, the EEC Industry Commissioner, protesting that the EEC steel price system is in danger of falling back into chaos if offending producers are not disciplined.

FEARS that Belgium's rumbling government crisis may rapidly come to a head with the forced resignation of Mr Mark Eyskens, the Prime Minister, were accentuated yesterday when francophone Socialist ministers in his four-party coalition walked out of a Cabinet meeting.

The Socialist ministers' action has underlined the threat that, unless the Eyskens government can guarantee employment at Belgium's falling Cockerill-Sambre steel giant the coalition government will topple. Earlier this week the Government was forced to reject a plan under which the country's major banks would provide urgently-needed funding on condition that the steelmaker is drastically streamlined.

Weather

UK TODAY

SUNNY INTERVALS with showers in most areas. Rain in south and west later.

England, except as below; Wales
Sunny intervals, with showers. Max. 19C (66F).

N.W. England, Lake District, Isle of Man, S.W. and N.W. Scotland, Glasgow, Argyll, Orkney, Shetland, N. Ireland.
Sunny intervals with showers, occasionally heavy. Max. 17C (63F).

Outlook: Continuing unsettled

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	L. Ang.†	C	19	66
Algiers		—	—	Luxmbg.	S	18	64
Amsdm.	R	18	64	Luxor	S	39	102
Athens	S	26	79	Madrid	C	27	81
Bahrain		—	—	Majorca	S	28	82
Barclna.	C	27	81	Malaga	S	29	84
Beirut		—	—	Malta	S	28	82
Belfast	F	15	50	M'chstr.	C	15	59
Belgrd.	F	19	66	Melbne.	S	20	68
Berlin	S	17	63	Mx. C.†		—	—
Biarritz	C	23	73	Miami†	F	26	79
Bmghm.	F	16	61	Milan	F	22	72
Blackpl.	C	15	59	Montrl.†	C	12	54
Bordx.	C	18	66	Moscow	C	8	46
Boulgn.	R	15	59	Munich	S	19	66
Bristol	R	16	61	Nairobi	C	24	75
Brussels	R	16	61	Naples	S	25	77
Budpst.	C	17	63	Nassau		—	—
Cairo	S	29	84	Nwcstl.	C	15	59
Cardiff	F	17	63	N York†	R	16	61
Cas'b'ca	C	25	77	Nice	F	24	75
Cape T.	S	16	61	Nicosia	S	25	77
Chicg.†	C	6	43	Oporto	R	19	66
Cologne	C	20	68	Oslo	F	15	59
Cpnhgn.	F	15	59	Paris	C	17	63
Corfu	S	26	79	Perth	R	14	57
Denver†	C	9	48	Prague	S	17	63
Dublin	C	15	59	Reykjvk.	C	11	52
Dbrvnk.	S	23	73	Rhodes	S	24	75
Ednbgh.	C	16	61	Rio J'o†		—	—
Faro	S	27	81	Rome	F	27	81
Florence	S	24	75	Salzbrg.	S	20	68
Frankft.	F	21	70	S F'cisc†	C	16	61
Funchal	S	26	79	S. Moritz		—	—
Geneva	F	23	73	Singapr.		—	—
Gibraltar	F	27	81	S'tiago†		—	—
Glasgow	C	14	57	Stckhm.	S	13	55
G'rnsey	S	17	63	Strasbg.	F	22	72
Helsinki	F	11	52	Sydney	S	25	77
H. Kong	C	27	81	Tangier	S	25	77
Innsbrk.	S	23	73	Tel Aviv	S	26	79
Invrnss.	C	14	57	Tenerife	S	26	79
I.o.Man	F	15	59	Tokyo		—	—
Istanbul	F	20	68	T'ronto†	F	9	48
Jersey	F	18	64	Tunis	S	30	86
Jo'burg	S	28	82	Valencia	S	29	84
L. Plms.	F	26	79	Venice	S	23	73
Lisbon	F	24	75	Vienna	C	16	61
Locarno	F	19	66	Warsaw	C	11	52
London	F	17	63	Zurich	F	21	70

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Poland

Continued from Page One

liament, backing for free unions elsewhere in the Soviet bloc and greater workers' control of food production and industry.

Mr Lech Walesa, the leader of Solidarity, spent yesterday in Silesia mediating in a dispute in which miners complained they were being offered too much extra pay for working on their weekends.

He made no mention of the Soviet letter and later met 9rchbishop Jozef Glemp, the new Polish Primate.

Elsewhere, the familiar pattern of local protests continued. In Lodz, a major textile centre, the workers at 12 factories were preparing for strike action and street demonstrations over food shortages.

Reuter adds from Washington: The U.S. yesterday accused the Soviet Union of interfering in Polish internal affairs by warning the Warsaw Government about its handling of Solidarity and the reform movement.

"The Soviet message to the Polish leadership constitutes interference in Poland's internal affairs," said Mr Alan Romberg, the State Department spokesman.

"We cannot accept the assertion that the Soviet Union for any reason has the right to dictate the policies of the Polish Government."

The statement, read to reporters, marked the second time in three months that the U.S. had complained of Soviet meddling in Poland's affairs.

The State Department last June also charged interference when the Soviet leadership sent a message to members of the Polish Central Committee complaining that Warsaw's leaders had done nothing to resist a mounting counter-revolution.

● A recent public opinion survey carried out by the re-Radio and Television networks shows that a significant majority of the population wants both sides to come to an agreement. Of those asked on September 7 and 8 who was responsible for the bad relations between Solidarity and the Polish Government, 60 per cent said both sides were to blame.

Union majority for Healey likely

BY CHRISTIAN TYLER AND RICHARD EVANS

SUPPORTERS of both main candidates for the deputy leadership of the Labour Party agreed yesterday that the incumbent Mr Denis Healy will probably win a majority of the trade union vote at the party conference on Sunday, September 27.

The assesment followed further evidence that rank and file trade union members are supporting Mr Healey—or at least voting against change in the party leadership at present.

Ballots conducted by the print union Natsopa and the Post Office Engineering Union both gave Mr Healey a clear majority, and therefore another 94,000 votes in the trade unions' 40 per cent section of the party's electoral college.

On a 50 per cent poll, Natsopa members who pay the political levy voted 12,948 for Mr Healey, 4,496 for Mr Benn and 2,129 for the outsider, Mr John Silkin. In the POEU ballot, Mr Healey polled 56,768 votes, Mr Benn 15,660 and Mr Silkin 6,198.

In the Transport and General Workers Union, whose eventual support for Mr Benn is essential if he is to win the contest, the Healey tide continued to run strongly.

It was learned yesterday that in the southern region of the TGWU, 63 per cent of the branches have supported Mr Healey, 9.5 per cent Mr Benn and just over 7 per cent Mr Silkin. Most of the remainder called on the union to abstain.

The battle for the TGWU vote is not lost for the Left—although Mr Silkin's chances of getting the union's support now look dim. Mr Benn's backers claimed last night to have won three of the four largest TGWU regions—London, Scotland and the North-west—together representing over half the union's membership.

In the nearly 500,000-member London region, the voting was said to be 53 branches for Mr Benn, 42 for Mr Healey and 20 for Mr Silkin, on a very small turn out.

The union's general executive will decide next week how to assess these results—whether to count branches or membership—and what recommendation to make to the delegation in eight days' time.

Mr Benn's campaign said yesterday that it was "inconceivable" that the TGWU would vote for Mr Healey when his policies were contrary to the union's own.

"The wave of pro-Healey propaganda is to prepare public opinion for a gigantic cry of foul play in the event that the TGWU votes for Tony Benn," said a statement from the Rank and File Mobilising Committee for Labour Democracy.

The Healey camp said he was certain, on the latest count, to collect more than half the trade union vote on the first ballot, and an even clearer majority on the second. For Mr Benn, the Rank and File Mobilising Committee said he could still hope to pick up 3m votes — just under half the trade union vote — on the second ballot.

The size of the trade union majority is emerging as crucial. Mr Benn expects to be supported by 75 per cent of the constituencies (who have 30 per cent of the electoral college) and needs between 60 and 80 Labour MPs (the remaining 30 per cent of the college).

There is little doubt that Mr Healey will receive more than half of the votes of MPs. Campaign managers for Mr Healey are confident of meeting their target figure of 130 on the first ballot out of the total strength of 254.

Mr Silkin is expected to come second, with around 76 according to his supporters and rather less according to both the other camps.

Mr Benn, in contrast to his strength in the constituency parties, is weakest in the MPs' section and his supporters believe he will achieve something over 40 on the first round, depending on the strength of the Silkin vote.

The question then will be where Mr Silkin's votes will go on the second ballot, assuming, as everyone does, that he drops out. Again, there are a number of unknown factors, including the number of abstentions.

The Ben ncamp is extremely worried at reports that as many as 25 to 30 of Mr Silkin's left-wing supporters will abstain rather than vote for Mr Benn, because of the way he is felt to have divide the party by forcing a contest.

Considerable pressures will obviously be exerted on the potential abstainers

Of the 40 to 50 Silkin votes remaining, the assumption is that more will go to Mr Benn than to Mr Healey, but the Healey camp claims pledges from a substantial minority.

Assuming that all Mr Healey's first-round votes stick with him in the run off against Mr Benn, he would end up with around 150 votes to Mr Benn's 70 to 80.

THE LEX COLUMN

The markets on the ropes

The UK financial markets have had all week to think about the upward nudge to interest rates administered by the Bank of England on Monday, and have still not come to a firm conclusion. Yesterday it began to look as though the increase in interest rates might not have gone far enough.

On its trade-weighted index, the pound closed at 87.0, a fall of 0.7 on the day. That leaves it just 0.4 above the low point touched at noon on Monday which prompted the Bank of England to take immediate defensive action. Interbank deposit rates for three and six months have moved up to around 15 per cent, while the Treasury Bill tender, under the now defunct formula, signalled that Minimum Lending Rate (also defunct) should be 15 per cent—a point above the clearing banks' increased base rates.

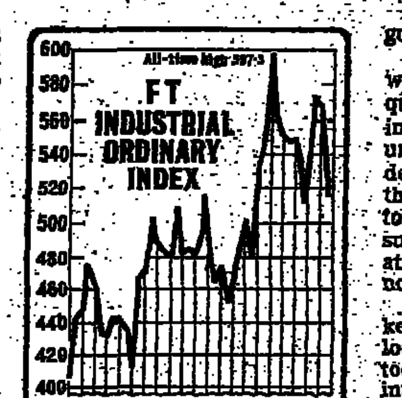
Sterling crisis

Over the past week gilt-edged yields, in both the long and short ends of the market, have risen by more than half a point. At the peak of the yield curve, in the mid-1990s, yields of 16½ per cent are available, which harks back to the darkest days of the 1976 sterling crisis: Treasury 15¼ per cent 1998 was offered for sale then on a yield of 16.6 per cent.

Equities, as measured by the FT 30-Share Index, have fallen by 38 points, which in percentage terms is the biggest weekly fall since the autmun of 1976. The Index now stands close to the bottom of a trading range which stretches back to the late spring.

The fundamental problem as the week has progressed has been that sterling, which initially responded quite well to the Bank of England's tightening of money, has lost ground again. This has in large part been the result of the strength of the D-Mark rather than of the type of sustained selling which got the Bank so worried on Monday. But the markets are bound to worry about how the UK authorities will respond if this slide continues.

Another difficulty for the markets is the sheer unfamiliarity of the authorities' tactics under the new system of monetary control. Previous rises in UK interest rates, usually associated with the need to sell gilt-edged stock, have taken place on Thursday and have usually been signalled well in advance. The gilt-edged market would find a floor level on Thursday afternoon and come out fighting to buy up tap stocks the following week.



Index fell 16.0 to 515.4

This time the move in interest rates came at the beginning of the week, and took the market badly by surprise — after all, throughout July and August the Bank had been making it very clear that it opposed a rise in the cost of money. There has been no tap stock to indicate a new yield basis.

ment which is trying to create confidence in its anti-inflation strategy, and which has just announced a 4 per cent cash limit for public sector pay next year, would look pretty silly borrowing at 16 per cent for 15 years. And even if it had wanted to, it would have knocked the market for six in yesterday's gloomy mood. The natural alternative is an issue of index-linked stock, but the pension funds seem to have swallowed all the index-linked paper they will take for the moment, and the technical problems of offering this sort of paper to the public have yet to be overcome.

Luckily, there is no burning need to sell very large amounts of new stock. The funding programme has kept up a fairly good momentum over the summer, and now that the civil service strike is over the government is receiving so big a backlog of tax payments that it does not have much of a borrowing requirement to cover. That should encourage the gilt-edged market, and there are other mildly bullish features. The rally in the U.S. bond market has re-opened a useful differential between long bond yields in New York and London. And although the 12-month increase in the retail price index went up between July and August, there is no suggestion of a resurgence of rapid inflation—unless sterling really does go through the floor.

Settlements in the current wage round are turning out quite as low as the City was hoping for six months ago. The unexpected buoyancy of credit demand is a source of worry for the bond market because it adds to the pressures on money supply, but the authorities have at least shown that they have noticed this prob.

For the last year bond markets around the world have been looking sick. Fund managers took enormous amounts of bonds into their portfolios as Government deficits widened in the late 1970s, and they have been trying to reduce their exposure. Interest rates have stayed higher for longer than anyone thought likely, in real as well as nominal terms. In the UK there has been the additional problem of lack of confidence in the Government's financial management.

But there is a price of everything, and there must be a fair chance that in a few weeks brokers will be urging their clients to buy now on "unrepeatable" 16 per cent yields.

The reaction in equities to Monday's developments was more dramatic than that in the bond markets, because prices had held up remarkably well throughout the summer while gilt-edged were drooping. This time last week the All-Share Index was within 5 per cent of its all-time high. The strength was based on the hope of a sharp recovery in company profits from the very low levels of last winter, as a result of hefty cost-cutting and the weakness of sterling.

Yield gap

The gap between equity and bond yields had widened to such an extent that any weakness in bond prices made shares extremely vulnerable. And some share prices were already discounting a fair measure of economic recovery in 1982.

That has begun to look less certain in the past few weeks, both in the UK and overseas. In the UK, there is a real squeeze on consumer real incomes, and now on the cost of borrowing, while one reason for the weakness in share prices on Wall Street—where interest rates have been edging down—is concern that the economy is faltering.

The yield on the All-Share Index has climbed back to 6 per cent, from 5.36 per cent at the peak of the index a month ago. Over the medium term this sort of return should provide reasonable protection to share prices. But in the short run, a lot will depend on the message transmitted by the money markets.

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